

CIA Believes Russia Can Meet Oil Needs Through Mid-1980s

By Bernard Gwertzman
New York Times Service

WASHINGTON — In a move with potential ramifications for U.S. foreign policy, the CIA has revised upward its estimate of Soviet oil production and now believes that by 1985 Moscow will still be able to meet its energy needs without having to import petroleum.

Some State Department officials said that the CIA estimate for 1985 of between 10 million and 11 million barrels might prove to be an underestimate.

The CIA projection is important, because following the Soviet intervention in Afghanistan in December, 1979, officials from the Carter administration, and later the Reagan administration, cited the Soviet need to import oil as a rationale for the Soviet moves to bring troops closer to the Gulf.

Gulf Importance

Two months ago, for instance, Defense Secretary Caspar W. Weinberger, in justifying the administration's case for increasing the American military presence in the Gulf area, said that the region "is and will be the fulcrum of contention for the foreseeable future."

"The Soviet Union will almost certainly become a net energy importer," he said. This, coupled with their economic necessity for eventual access to the Gulf oil basin, is their long-range objective of denying access to oil by the West.

Marshall I. Goldman, associate director of the Russian Research Center at Harvard, said Monday that James Noren, a CIA analyst, had discussed the latest Soviet oil projections at a seminar at the center last week.

Critic of Forecasts

Mr. Goldman, who had been sharply critical of the earlier CIA estimates, said that the new projection "means first of all that we should at least allow for the fact that the Soviets are not desperate for petroleum."

"So far, we have been conducting our foreign policy on a worst-case scenario," Mr. Goldman said. "The estimates that have been governing policy have been proven wrong so far. It doesn't mean that the Soviets are now benevolent in the Middle East, but those who think the Russians must go into the Middle East for oil are wrong."

Mr. Noren, in his discussion at Harvard, attributed the new, high-end projection to forecasts based on increased Soviet investment in oil production. He also said that the Russians were putting increased stress on conservation and that they planned to raise their wholesale prices next year for the first time since 1967.

Until the latest estimate, the CIA had predicted a decline by 1985 that would leave the Russians producing no more than between 8 million and 10 million barrels a day.

Now, a CIA spokesman confirmed Monday, the agency estimates that by 1985 the Soviet Union will produce between 10 million and 11 million barrels a day. In addition, with Soviet natural gas production rising, there seems to be no need for Soviet energy imports by then, officials said.

Begin Hails Habib Effort

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anese skies in conducting reconnaissance missions and air strikes against Palestinian guerrilla positions.

Mr. Habib refused Tuesday night to discuss any aspect of his shuttle diplomacy, saying only that the diplomatic effort would continue and that he remained optimistic about a peaceful solution.

Adding a further complication to Mr. Habib's mission, Syrian military authorities announced Tuesday night that Syrian air defenses had downed an Israeli reconnaissance plane — most likely an unmanned drone — over the Syrian port city of Latakia.

While this was the third Israeli reconnaissance plane that Syria had claimed to have shot down in the last week, it was the first one in two years to have been reported intercepted over Syrian territory. The other two downings, only one of which was confirmed by the Israelis, took place over Lebanon.

Mr. Begin seemed ebullient in his remarks about Mr. Habib. He beamed as he said: "I want to express our deep gratitude for our friend, Mr. Philip Habib, for the immense, perhaps unexampled efforts, intellectually, physically, morally, he invests in his efforts to bring about a peaceful solution in the crisis that prevails in the Middle East. This man is doing his best and his utmost, and we really admire this effort. Let us express hope that those efforts shall succeed."

Earlier, Mr. Habib got a cool reception in Syria, where he met with President Hafez al-Assad. Mr. Habib had been kept waiting for 20 hours by Mr. Assad after the veteran American diplomat arrived in Damascus on Monday.

"Habib is preparing the grounds for a large-scale Israeli aggression on Lebanon to partition that country, liquidate the Palestinian cause and eventually invade Syria," the government newspaper Al-Bath declared.

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Thatcher Fires Aide

(Continued from Page 1)

ent multiplication of risk to a potential aggressor," Mr. Nott added.

He said the navy had an important role to play as a deterrent in the Atlantic and in supporting the U.S. Navy throughout the world, adding: "The argument is not solely about numbers. It is about quality and effectiveness, and how we can deploy our limited resources in meeting the Soviet submarine threat."

Mr. Speed, who served in the navy for nine years and was appointed defense undersecretary for the navy two years ago, told Parliament on Tuesday that he was uneasy about the government's review of defense spending and about suggestions that, if converted into firm decisions, would have a lasting effect on Britain's fleet.

Leads to national newspapers indicated that the defense budget could be cut by as much as \$20 billion and the navy would bear the biggest share of the reductions.

Mrs. Thatcher was reported to be angered by press reports that she saw as a deliberate attempt to stir up opposition before defense spending estimates are fixed later in the year.

The controversy follows the government's decision to go ahead with the U.S. Trident system at a cost of more than \$10 billion in the next 10 years.



Supporters of the Italian abortion law expressed joy at the defeat of the effort to repeal it.

70% Vote to Keep Italy's Abortion Law

From Agency Dispatches

ROME — Official results of the voting in five Italian referendums showed Tuesday that the voters had overwhelmingly rejected changing their liberal abortion law and their statutes on imprisonment, firearms and terrorism.

Nearly 70 percent of the voters rejected an attempt by the Movement for Life linked to the ruling Christian Democratic Party and backed by the Roman Catholic Church — to make legal abortion virtually impossible. But a proposal by the tiny Radical Party to make the current law even less restrictive was rejected by 88 percent of the voters.

Pope John Paul II's referendum attacks on abortion apparently had little effect on

the country's 35 million voters, despite widespread sympathy for the pope after he was shot in an assassination attempt last week.

Other proposals by the Radicals — to ban irrevocable life prison sentences, stop private citizens from carrying guns, and overturn the country's strict anti-terrorism measures — were all defeated.

The proposal to repeal the abortion law was soundly beaten even in southern districts, where the anti-abortion vote had been expected to be the biggest.

Thousands of demonstrators, mostly young men and women, poured into the streets of Rome as soon as the early returns showed an irreversible trend. They crisscrossed the center of the city, singing and carrying

banners. Of the major parties, only the ruling Christian Democrats and the rightist Italian Social Movement, which is regarded as neo-Fascist, were in favor of repeal. Campaigning to retain the law were the Socialists, Social Democrats and Republicans.

Members of the Christian Democrats in the coalition government — and the Communists and right-of-center Liberals.

If repeal had won, abortion would have been permitted only if the mother's life could be proved to be in danger. The current law gives women over the age of 18 the right to request an abortion within the first 90 days of pregnancy. Abortion may also be justified for socioeconomic reasons, in the case of rape, or if there is a danger that the child may be deformed at birth.

Schmidt: A Politician in Need of Friends

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involved, Mr. Schmidt's troubles at home are significantly related to his attitude toward the United States.

Earlier Views

In the last years of the Carter administration, particularly when it was demanding a more combative West German attitude toward the Soviet Union after the intervention in Afghanistan, Mr. Schmidt made clear that he felt U.S. policies were confused, unpredictable and potentially dangerous. His contempt tended to legitimize anti-American attitudes within the party that he must now combat to survive.

The effort by some Social Democrats to portray the United States as the greatest threat to détente was accelerated in the first nine months of 1980. Former Chancellor Willy Brandt, in a series of speeches, lumped the United States and the Soviet Union together as similar mammoths, both disagreeable and more or less equally responsible for the tensions in the world.

Although he was keeping his distance from Washington at the time, Mr. Schmidt warned at least once about what seemed to be a distorted view of reality. But the warnings were included in the customary party discourse about détente in a way that left the Social Democratic rank and file able to interpret the chancellor's remarks as obligatory gestures to quiet the Americans.

Such an interpretation seemed reasonable because Mr. Schmidt's friends often talked last summer about creating a broad European front that would permit his allies in the West and the East to block Soviet-American confrontations or steer clear of them.

The situation changed radically

in August, when the Polish uprisings began to undermine 10 years of relative calm and stability in central Europe.

The Social Democrats did not do as well as they expected in the West German elections last October. Although Mr. Schmidt was named to office, he was privately blamed for running a campaign that was too personal and insufficiently ideological.

Critics in the party accused him of reacting too pragmatically to the new threats in Eastern Europe. Detente, for the left wing of the party, had always been the key to its hopes for making West Germany independent of the United States and NATO. However, Mr. Schmidt was talking about the necessity of matching the Soviet missile arsenal.

The debate about the missiles during the winter filled a spiritual vacuum in the party. The recession had eliminated new plans for social change, and the Polish situation had suspended hopes for progress in relations with East Germany. The emotional issue that remained was disarmament.

The groups opposing the missiles gained considerable strength at the roots of the party and initiated a movement at the Social Democrats' national convention last year to end support for the NATO plan.

Mr. Schmidt's aim in threatening resignation is to cut the trend short while there is enough time for the more moderate members of the party to organize a counteroffensive.

If it works, he may be free to attack and isolate the party's left wing and reverse his poor standing in opinion polls. The surveys indicate that he is held in lower esteem than was Mr. Brandt when he resigned in 1974.

Envoy to Bonn Named by U.S.

The Associated Press

BONN — Arthur F. Burns, former chairman of the U.S. Federal Reserve System, has been named U.S. ambassador to West Germany, a West German government spokesman announced Tuesday.

The spokesman, Lothar Ruelh, said Mr. Burns "is an outstanding personality well known to Chancellor Helmut Schmidt."

Mr. Ruelh said Mr. Schmidt believed President Reagan's choice of Mr. Burns as ambassador "is a sign of the great importance that the president places on U.S.-West German affairs and the political cooperation between the two nations."

Mr. Burns' long experience in international monetary and financial affairs would "greatly aid" the economic ties between the two allies, Mr. Ruelh said.

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Protectors 'Occupy' West Berlin Paper

The Associated Press

BERLIN — A group of demonstrators temporarily "occupied" the newsroom of a West Berlin newspaper Tuesday and demanded publication of a statement.

The group of about 15 persons criticized Der Tagespiegel's reports about the occupation of vacant Berlin apartment buildings by young squatters.

5 British Soldiers Killed In IRA Land Mine Blast

(Continued from Page 1)

Danny Morrison, a Sinn Fein official, said the report that Mr. McCreesh was demoralized and wanted to end the hunger strike was "an inspired leak and an obvious attempt to put pressure on the McCreesh family."

Sinn Fein said another hunger striker, Patrick O'Hara, who on Tuesday also began his 59th day without food, was in serious condition. It said that Mr. O'Hara, serving eight years for possession of a hand grenade, was almost blind and deaf and in considerable pain.

The other two hunger strikers, Joe McDonnell, 30, and Brendan McLoughlin, 29, began their fasts this month as replacements for Mr. Sands and Mr. Hughes.

Since Mr. Sands began the round of hunger strikes on March 1, the province has been torn by rioting, and 19 persons have been killed.

Agca Says He Stalked U.K. Queen

Pope's Condition Keeps Improving

By R.W. Apple Jr.

New York Times Service

ROME — The Turkish militant who allegedly shot Pope John Paul II last week has told Italian investigators that he had previously considered killing Queen Elizabeth II of Britain, UN Secretary-General Kurt Waldheim and Simone Veil, the president of the European Parliament.

Police sources said Tuesday that the alleged assailant, Mehmet Ali Agca, made his startling statement Monday in a conversation with Achille Gualacci, one of the magistrates assigned to the case.

It lent credence to the thesis that his views are essentially anarchistic, growing out of a hatred of authority, rather than conventionally leftist or rightist.

The pope's condition continued to improve Tuesday, with his temperature dropping to about normal, according to a medical bulletin. The bulletin spoke of "positive developments" in his recovery, and his doctors said he had taken nourishment orally for the first time since the shooting in St. Peter's Square last Wednesday — sugared water and weak tea.

Foreign Doctors Visit

Five foreign doctors who flew to Rome at the request of the Vatican saw the pope in the afternoon. Among them were a Frenchman, a Spaniard, a West German and two Americans — Dr. Claude E. Welch of the Massachusetts General Hospital in Boston, an endocrinologist; and Dr. Kevin M. Cahill of New York City, a specialist in tropical medicine who is a prominent Roman Catholic layman.

The pope is expected to remain for at least 30 more days in his four-room suite at the hospital, which contains a portrait of the black Madonna of Czestochowa, a patron saint of his native Poland.

His suspected would-be assassin, Mr. Agca, reportedly told the Italian authorities he had decided against killing Mr. Waldheim because he lacked the papers necessary to enter the United States and had abandoned his plans to murder the queen and Mrs. Weal because they were women.

"I went to London to kill the king," the police quoted Mr. Agca as having said, "but I found he was a woman and decided against it because I am Turkish and a Muslim and I don't kill women. For the same reason, I did not kill Simone Veil, the president of the European Parliament, after I had been to Brussels to study how the community works."

The Turkish extremist said he went to London last autumn, using a false passport that he later destroyed. He reportedly said he could not remember the name of the hotel where he stayed, but he provided his questioners with details of its appearance and its prices.

However, a spokesman for the British police said after extensive checks of immigration and other records, "we are confident this man has never been to Britain."

The control systems at British ports and airports are considerably tighter than those in most West European countries, with all foreigners required to complete documents.

The Associated Press quoted a spokesman for the Tunisian interior minister as saying that Mr. Agca had spent two weeks in that country late last December. That report conflicted with records of the Pension Isa in Rome showing that Mr. Agca stayed there on the night of Dec. 19.

Mr. Agca has now claimed to have traveled during the last 18 months in Iran, Bulgaria, Yugoslavia, Tunisia, Switzerland, France, Belgium, West Germany, Denmark and Spain, in addition to Italy. But only in Spain and Tunisia have local authorities found traces of him.

Protesters 'Occupy' West Berlin Paper

The Associated Press

BERLIN — A group of demonstrators temporarily "occupied" the newsroom of a West Berlin newspaper Tuesday and demanded publication of a statement.

The group of about 15 persons criticized Der Tagespiegel's reports about the occupation of vacant Berlin apartment buildings by young squatters.

Democratization Reported

The argument over Mr. McCreesh, who in March, 1977, was sentenced to 14 years in prison for firearms violations and attempted murder of British soldiers, followed reports that he was demoralized by the deaths of Mr. Sands, who died May 5, and Mr. Hughes, who died May 12.

WORLD NEWS BRIEFS

Gierek Takes Partial Responsibility for Crisis

From Agency Dispatches

WARSAW — Edward Gierek, former Polish Communist leader, told an investigating commission he shared responsibility for Poland's political and economic crisis with other members of the Politburo of the government, the official news agency PAP said Tuesday.

But he said he had tried to work for the good of the country, seek to create new jobs and swiftly modernize its production potential. Gierek, 68, a former miner, was replaced as Communist Party chief Stanislaw Kania at the height of labor unrest in Poland last September.

He appeared Monday before a party commission set up last month to speed investigations into responsibility of former leaders for Poland's present problems. A party resolution after his ouster charged him with "personal responsibility for arbitrary economic and social policies, ignoring the laws of economics and failing to reckon with political options." Meanwhile, a crippled Pole threatened to blow up the U.S. embassy to protest rationing but police overpowered him when he accepted what he was told was a ride to the airport for a flight to the United States.

Iran Releases U.S.-Owned Oil Survey Vessel

Reuters

TEHRAN — An American-owned oil survey vessel chartered to Kuwait and seized by Iran's Navy on April 30 has been released, Iranian state radio reported Tuesday.

The Western Sea and its crew of 19 sailed out of the Iranian port of Bushire on Monday, the radio said. The broadcast added that the vessel was escorted to Kuwait waters.

The survey ship, owned by the Western Geophysical Co. of Texas, had been exploring for oil in Kuwait when it was seized in an area declared a war zone at the beginning of the present conflict with Iraq eight months ago.

UN Meeting Opens on South Africa Sanctions

The Associated Press

PARIS — A weeklong United Nations conference aimed at producing international sanctions against South Africa because of its apartheid policy opened Tuesday without the support of the United States or Britain.

"The United States and Britain are not coming because they are scared," B. Akporode Clark, the Nigerian organizer of the conference, said Monday. "They're obviously worried about their investment in South Africa. It's a policy that is penny-wise and pound-foolish." France has not decided if it will attend. The conference is expected to involve more than 20 foreign ministers.

The United States, Britain and France last month vetoed a UN Security Council demand for sanctions against South Africa. The demand was made by African nations after South Africa rejected in January a Western-developed plan for the independence of South-West Africa (Namibia).

U.S., Britain Assail Treatment of Sakharov

The Associated Press

MADRID — The United States denounced the Soviet Union on Monday for harassing and exiling Andrei Sakharov, saying the best way to deal with the Soviet scientist would be for all nations to reaffirm the Helsinki agreements on human rights.

"There have been at least 46 arrests of human rights activists in the Soviet Union since the Madrid conference opened" last September, said Kampehn, the chief U.S. delegate, said at the 35-nation meeting. He urged a note to Dr. Sakharov's birth is to reassert our commitment to the Helsinki final act."

John Wilberforce, the British delegate, earlier attacked the Soviet government for its treatment of Nobel Prize winner Yuri Dubinin, the State Dept. delegate, responded that Britain was responsible for "people dying of hunger" in Northern Ireland, a reference to Irish Republican Army (IRA) hunger strikers.

Fake Bomb Found at UN as Threats Continue

United Press International

NEW YORK — A fake bomb was found Tuesday at the United Nations and new bomb scares forced the evacuation of the 71-story Chrysler Building. Police moved around the city in the fourth day of the bomb threats that have frightened thousands of tourists, commuters and office workers.

Police, who found two live bombs and tracked hundreds of others from cranks Monday, said they had received 10 bomb threats Tuesday morning.

The threats began after Saturday's explosion at Kennedy International Airport, which killed a worker. The Puerto Rican Armed Resistance claimed responsibility for that blast as well as for mailing two unexploded bombs to the U.S. mission to the United Nations and the Honduran Consulate in Manhattan Monday. The city's bomb squad removed the bombs safely.

Battle Lines Hardening In Unesco Press Struggle

(Continued from Page 1)

countries are insufficiently developed to enjoy that freedom."

It remained to be seen if the declaration would have any effect on the Unesco secretaries or governments. As noted at the conference by the director of the U.S. mission to the United Nations in New York, "at the time of the fourth of Unesco's more than 100 member governments believed that either and practice government effect on the of the press, either directly or indirectly. Also, several Western governments in the past have pledged their unwillingness to join in any country's stance on these press issues."

But several speakers at the conference noted that the time to whom the mental bodies as well. It is ready had substantial impact on the sensitive issues of regulation of satellite communications, the transmission of "computer" across national boundaries and organization of the usage of world's airwaves for broadcast and other uses.



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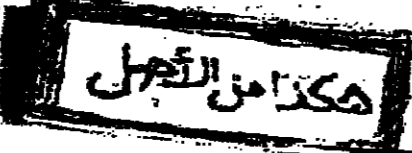
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Reagan Unit Nominee Fires in Senate Policy Approach



Ernest W. Lefever

But he added, "We must recognize that there are moral and political limits to what the U.S. government can and should do to modify the internal behavior of another sovereign state. All of us wish that all peoples everywhere enjoyed the blessings of liberty as we do, but wishing or preaching or threatening will not make it so."

Reagan Son, Despite Vow, Has Not Quit 2 Positions

By David Johnson
Los Angeles Times Service

LOS ANGELES — President Reagan's son Michael has not resigned from either of the two jobs that he vowed to quit last week after a controversy arose when he referred to his father in a letter soliciting military contracts.

Mr. Reagan had promised to quit executive sales positions with Dana Ingalls Profile, a Burbank, Calif., machine shop that has set up a military contract and to get a military contract and to get a military contract and to get a military contract.

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Studies Urge United Western Policy Toward Russia

By Joseph Fitchett
International Herald Tribune
PARIS — Two independent studies released by foreign-policy institutes in the United States and Europe urge greater U.S.-European cooperation to protect Western interests in the Gulf, which they agree is the toughest security problem facing the West.

But the reports note that improvements in allied cooperation — both in the Gulf and in other spheres of East-West contact — are hindered by U.S.-European disagreement about how to deal with the Soviet Union.

And both reports stress that defense is likely to become an increasingly contentious issue in the alliance because of economic difficulties in Western countries.

In the view of the London-based International Institute of Strategic Studies (IISS), the Reagan administration has created new self-confidence in the United States, but this new mood is fragile. The IISS argues that Washington should proceed to spell out the terms on which it expects the superpowers to coexist.

Otherwise, the United States is unlikely to have a sustainable Soviet policy or to be able to coordinate East-West relations effectively in the Western alliance, the IISS said in its annual "Strategic Survey."

Meanwhile, a study commission of the Council on Foreign Relations, a bastion of the U.S. diplomatic establishment, has called for stepped-up U.S. and allied efforts in almost every sphere to oppose the Soviet Union.

U.S. policy toward the Soviet Union, the report said, "is and will remain the central concern of U.S. foreign policy." U.S. responses, it said, must be designed "for the long haul ... and integrate better the political, economic and defense dimensions" of East-West relations.

Echoing Reagan administration policy, it recommended increases in military capability, a lesser role for arms control and curbs on trade with the Soviet Union.

The report — "The Soviet Challenge: A Policy Framework for the 1980s" — was prepared by a commission of outside experts chaired by Henry Grunwald, Time Inc. editor in chief. The council's latest report prohibits it from taking positions on policy issues.

In many respects, the tone and recommendations of the two reports reflect the broad lines of current discussions between the Reagan administration and West European governments, both in bilateral contacts and in the North Atlantic Treaty Organization and other Western forums.

Conclusions Differ
Significantly, the reports had contrasting views on arms control. The U.S. group concluded that arms control should be incorporated in defense policy, instead of being a separate policy arm, and

sought linkage between arms control and general Soviet behavior. In contrast, the IISS said Moscow was showing signs of becoming more cooperative on arms control. "It would be wrong to regard the Soviet Union's proposals for new arms control as mere propaganda," the report said. It decried linkage between Soviet actions and arms control deals that offered benefits to both sides.

This variance between the two reports was grounded in their differing assessments of Soviet military capabilities. The U.S. report said that the Soviet Union's growing military power could be translated into "important political leverage" and threatened "to erase the West's critical margins of security."

Views Less Alarmed
The IISS took a less alarmed view of the strategic balance. Citing the U.S. fleet of practically invulnerable ballistic-missile submarines, the IISS said that U.S. doubts about its own deterrent capability were handing the Soviet Union a propaganda advantage.

In fact, the IISS said, Moscow is worried by the new U.S. determination to proceed with a military build-up and to check any future Soviet gains.

It said the Soviet Union, despite its unprecedented military power, appeared incapable of solving its mounting economic and political problems — a dilemma exemplified by Poland. Coping with this mixture of strength and weakness in the Soviet Union, it said, is the main problem facing the West, especially in the absence of accepted rules of coexistence.

This lack of East-West agreement is clearest in the Gulf, the IISS said, noting that Gulf stability means different things to the two sides. For Moscow, it has "an essentially military meaning and implies no increase in Western military presence; for the West, however, it means primarily regime stability, implying Soviet abstention from attempts to undermine pro-Western governments in the area," the IISS said.

The U.S. study acknowledged that the Gulf "presents the single most complex policy task for the United States in meeting Soviet expansionist pressure."

But its recommendations were clear-cut. It said the United States should prevent the emergence of any dominant regional power or any Soviet-client regime, commit itself visibly to keeping open Gulf sea-lanes, proceed with the Rapid Deployment Force and improve its covert-action capability.

The report called on "concerned allies" — including Australia, Britain, France, Italy, Japan and West Germany — to contribute militarily to this effort.

Unity Difficult
The IISS, however, warned that forging alliance unity on the Gulf would be complicated because European governments would not subordinate their national interests to U.S. demands "merely because of manifestations of American displeasure or assertions of leadership."

On both sides of the Atlantic, it said, domestic opinion has become "less generous toward transatlantic differences and more prepared to ascribe them to ulterior motives than to legitimate political disagreements."

No issue brings out this friction more acutely than military spending. Noting that popular support for arms budgets had ebbed in Europe, the IISS said: "The combination of social resentment at home and the need to strengthen defense against threats from abroad is likely to introduce into defense policies a new and disturbing controversy and thus to threaten the continuity on which they depend for their credibility."

The U.S. report, despite recent U.S.-European divergences on this issue, not only recommended increasing U.S. military expenditures to 6 percent of the gross national product but also urged the Reagan administration to seek coordinated Western commercial policies toward the Soviet Union.

Some Sacrifices
The IISS agreed that West European governments should accept some sacrifices as the price of closer consultation with the United States.

But it argued that the Reagan administration should try to moderate U.S. fears about Soviet strength and Western weakness. Self-assurance must be restored, it said, so that the United States can envisage new accords with Moscow, tolerate the inevitable intra-alliance frictions and keep calm in the face of unpredictable crises in the Third World.

Both reports sounded a warning note about U.S.-European dissension. The U.S. study warned that continued disagreements "could cause severe disillusionment with the alliance in American opinion and bring about a revival of isolationism or strident nationalism."

The IISS report agreed that a failure of U.S. policy could lead to "impatient nationalism and American unilateralism" or else to the "incipient isolationist tendency that lay not far below the surface of public attitudes."

But whereas the U.S. commission concentrated on the need to confront Soviet power, the IISS said the main risk was potential "American frustration" at the complexities of the world of the 1980s.

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Unusual Bipartisan Effort Begins on Tax Cut in U.S.

By Edward Cowan
New York Times Service

WASHINGTON — An unusual bipartisan effort to write a tax-relief bill acceptable to congressional Democrats and Republicans and to President Reagan began at a luncheon in a meeting room close to the Senate chamber.

At the luncheon meeting, which was held Monday, the chairman and top-ranking minority members of the House of Representatives and Senate tax-writing committees began discussing the possible shape of a compromise tax-cutting bill. It was a high-level conference of the kind more likely to take place during a deadlock between House and Senate committees, rather than before either committee has even started to write the legislation.

The very fact of such a negotiation underscores an emerging political reality that the White House acknowledged last week — that the bill Congress finally passes is sure to be different in important ways from the three-year, 30-percent cut proposed by Mr. Reagan on Feb. 18.

Rep. Jack F. Kemp of New York, one of the two Republican authors of a bill to cut individual tax rates by 10 percent a year for three years, said Monday that he might endorse a two-year bill.

Other Routes Acceptable
"It's unfair to say that if Jack Kemp doesn't get 10-10-10, we're not getting the benefits of Kemp-Roth," Rep. Kemp said. Sen. William V. Roth Jr., a Delaware Republican, is the co-sponsor of a three-year tax bill with Rep. Kemp.

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Priority Business
Secretary Regan has said he regards the tax bill as his most important single piece of business. It is understood that he will confer with Sen. Dole and Rep. Rostenkowski. In separate telephone calls, Sen. Dole and Rep. Conable reported to the Treasury secretary about the luncheon.

Rep. Kemp told a reporter that the meeting did not demonstrate to him that his bill was dead. "I think President Reagan can get pretty much anything he wants if he's prepared to fight for it," he said.

Asked if he might support a two-year bill, he replied, "If it's better than what I got over three years, then I'll support it." The important thing, he said, was to lower tax rates across the board, with the top rate falling from 70 percent to 50 percent.

Sen. Dole and other Republicans in both houses have indicated they fear a three-year tax cut might be too much, with the inflation rate as high as it is and the federal budget in deficit. Many Democrats have flatly opposed a three-year bill, asserting it would be irresponsible.

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Australian Probe Declares Charles Tapes Are Fakes

The Associated Press

CANBERRA — A top-level government investigation has concluded that the purported tapes of alleged telephone calls between Prince Charles and his fiancée, Lady Diana Spencer, are fakes, a senior government official said Tuesday.

The investigation was carried out by the Australian federal police, Telecom, the national communications network, and the Australian Security Intelligence Organization, said the official, who asked not to be identified.

Investigators concluded that monitoring of the prince's telephone calls from Australia to his fiancée in Britain would not have been possible, the official told The Australian Associated Press, the domestic news agency.

The official was quoted as saying the investigation showed that the telephones used by the prince during his Australian visit last month were not monitored. Prince Charles and Lady Diana have claimed from the start that the tape transcripts, published by a West German magazine, were fakes.

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Madrid, June 10-11, 1981

FOREIGN COMPANIES IN SPAIN

an international conference organized by
Morgan Guaranty Trust Company of New York
Instituto de Empresa
International Herald Tribune

The questions facing foreign companies in Spain today are vital. What is the political outlook? How will EEC membership affect the domestic economy? What developments are expected in the areas of labor relations, management practices and fiscal legislation?

An international conference to be held June 10 and 11 in Madrid will focus on these and other issues of importance not only to foreign companies in Spain, but also to Spanish companies and to international companies doing business in Spain.

Organized by Morgan Guaranty Trust Company of New York, the Instituto de Empresa and the International Herald Tribune, the conference will cover four major subject areas, with presentations by the following key political and business leaders.

- On the economic situation:**
 - Jaime Garcia Añoveros, Minister of the Treasury;
 - Rimmer de Vries, Senior Vice President and International Economist, Morgan Guaranty Trust Company of New York;
 - Enrique Puig, Director General of Foreign Exchange Control, Ministry of Commerce;
 - Carlos Muñoz-Betemps, Director General for EEC Affairs, Spanish Foreign Office;
 - Emilio Fontela, Professor, University of Geneva, Battelle Memorial Institute;
 - Carlos Espinosa de los Monteros, Vice President of Instituto Nacional de Industria.

- On labor relations and policies:**
 - Manuel Nuñez, Secretary of State for Employment and Labor Relations;
 - Jose Barea, Secretary of State for Social Security;
 - Juan Linz, Sociologist, Professor at Yale University;
 - Nicolas Sartorius, Assistant Secretary, Comisiones Obreras (Communist National Labor Union);
 - Jeronimo Saavedra, Congressman and member of the executive committee of the UGT (Socialist National Labor Union);

- On the political situation:**
 - Rodolfo Martin Villa, Minister of Territorial Administration;
 - Miguel Herrero de Miñon, Spokesman for the Union de Centro Democratico Parliamentary caucus;
 - Antonio Garrigues Walker, Chairman of APD (Management Development Association);
 - Alfonso Guerra, Vice Secretary General of PSOE (Socialist Party).
- On legal, financial and management problems:**
 - Mariano Rubio, Vice-Governor, Bank of Spain;
 - Edward Hodge, Personnel and labor relations manager of General Motors Spain;
 - Gerardo Seeliger, General Manager-Spain, Russell Reynolds Associates;
 - Diego del Alcazar, Director, Instituto de Empresa;
 - Manuel Soto, Managing Partner, Arthur Andersen & Co. Europe;
 - Luis Vaño, General Manager, Aresbank;
 - Gonzalo de las Heras, Vice-President and General Manager, Morgan Bank in Spain.

The chairmen of this two-day conference will be Eduardo Merigo, Chairman of VISA Spain, and Manuel Guasch, Managing Director of the Council of Spanish Chambers of Commerce.

Attendance will be limited in order to allow maximum participation by the audience and simultaneous Spanish-English translation will be provided at all times.

To insure that your company is represented at this timely international conference, return the registration form today to Maria Marsans, Instituto de Empresa, Maria de Molina, 13 y 15, Madrid-6, Tel.: 262 81 00.

Registration Form

Please enroll the following participant for the conference on "Foreign Companies in Spain," June 10 & 11 in Madrid.

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Hotel room: Please reserve for the nights of June 9 and 10 the accommodation checked:

Hotel Villamagna P° de la Castellana, n° 22 Madrid-1. Single (per night) 6,000 Pts. Double (per night) 8,000 Pts.

Hotel Velazquez Calle Velazquez, n° 62 Madrid-1. Single (per night) 1,155 Pts. Double (per night) 3,310 Pts.

Conference participation fee: 65,000 Pts. or equivalent in other currency, payable in advance of the conference. Please make check payable to the Instituto de Empresa. Fees will not be returned for cancellations received after June 2.

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WORLD NEWS
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U.S., Others Remain Concerned Over Libya's Activities Abroad

By Michael Greler
Washington Post Service

WASHINGTON — Although Libya's diplomats are now gone from Washington, expelled by the Reagan administration for supporting "international terrorism," concern over Libyan activities continues here and abroad.

Among the developments:

- The FBI is investigating possible links between a former U.S. Green Beret charged with shooting a Libyan student in Colorado last October and two fugitive former CIA officials who are wanted on federal charges of helping the Libyan ruler, Col. Moammar Qadhafi, to recruit, arm and train terrorists, according to law enforcement officials.
- U.S. officials say visa applications by Libyans to visit the United States will now carry what is called a mandatory security advisory opinion, which means they will be screened not just by the State Department but also by other agencies, including law enforcement and intelligence branches.
- In Britain, another Libyan dissident was found murdered last week, and authorities believe the slaying may be linked to a Qadhafi-inspired campaign to silence critics living abroad. Last year, officials in Washington say, 11 expatriate critics of Col. Qadhafi were murdered in Britain, Greece, Italy, Lebanon and Malta.
- Liberia has also announced that it is closing the local Libyan People's Bureau, as the Libyans call their embassies. Within the past year, Gambia, Senegal, Niger, Morocco, Kenya, Iraq and Saudi Arabia have either broken diplo-

matic relations with Libya over charges of internal interference or foreign policy disputes, or have refused to accept people's bureaus as substitutes for traditional embassies.

The former U.S. Army Green Beret charged in the Colorado shooting is Eugene A. Tafoya. According to the arrest affidavit, Mr. Tafoya is "suspected of being a mercenary who is available to be hired and paid to kill human beings." According to court records, Libyan money and literature about Col. Qadhafi were found in a search of his home.

From the time Mr. Tafoya was arrested last month, the FBI has been investigating possible links to Libyan authorities. But what may now increase interest in the case is the question of whether Mr. Tafoya is one of the former U.S. military specialists allegedly recruited for Col. Qadhafi by the two former CIA employees, Frank J. Terpil and Edwin P. Wilson. FBI sources say the bureau is looking especially into possible links between Mr. Tafoya and Mr. Wilson.

If there is a link, it could suggest that Americans may have been involved in other murders or attempts around the world in Col. Qadhafi's behalf, a possibility that was raised in an article by investigative reporters from The Boston Globe that appeared before Mr. Tafoya was arrested.

Mr. Terpil and Mr. Wilson were indicted by a federal grand jury last year but are believed to have fled the country.

Although the Colorado shooting, in which the Libyan student was wounded, was a factor in the

decision to expel the Libyans from Washington, several State Department officials say privately that the overriding reason was political. The administration wanted to make what an official called "a loud public statement that there will be no business as usual until Libya decides to play by the rules of international conduct."

In a television program Sunday, Defense Secretary Caspar W. Weinberger seemed to take issue with this, linking the decision primarily to "increasing the safety of people in the United States." He said, "The Libyan embassies, or people's bureaus, are really almost assassination headquarters, and what we need to do is get people of that kind ... out of the country."

The New York Daily News reported this week that a secret administration plan existed to topple Col. Qadhafi, using Arab states friendly to the United States. The State Department has denied any such plan exists, but it is clear that the administration views the Libyan leader as "a menace that we would like to see disappear," as an official said Monday. However, he added, "there is a long step between saying that and what our policy is," meaning he was not confirming any plan to unseat Col. Qadhafi.



EVACUATION — Civilians carried their belongings along a country road this week as they were evacuated from border areas in the southwestern Guangxi region of China, according to the Chinese news agency. Clashes with Vietnamese forces have been reported in the region.

China to Publish Mao Assessment in July

By James P. Sterba
New York Times Service

SHANGHAI — China will publish its overdue assessment of Mao on July 1, when the nation will celebrate the 60th anniversary of the founding of the Chinese Communist Party, according to the mayor of Shanghai.

Wang Daohan, a 66-year-old economist who was appointed mayor of China's largest city earlier this year, said Monday that the document would do much to "attain in a healthier way a normal political life for our people," which he said included an expansion of democracy.

chairman launched the disastrous Great Leap Forward policy of rapid economic development.

Mr. Wang made his comments during a meeting with A.M. Rosenthal, executive editor of The New York Times. Mr. Wang suggested that the Mao assessment and the party's plenum and subsequent congress would, after long delay, serve as a watershed for China after which a more normal political atmosphere could develop.

The Chinese official paraphrased Abraham Lincoln's references in the Gettysburg Address to government being "for the people" and "by the people" in saying that democracy should develop further in China to allow more criticism and self-criticism. But he said that it must take place within the framework of China's basic principles — that is, the supremacy of Socialism, the Communist Party, and Marxist-Leninist-Maoist thought.

Evolving Decision

Privately, government officials say the decision to expel Col. Qadhafi's representatives in Washington evolved over the past year.

Early last year, sources say, there was a surge of telephone calls to the government from some of the 4,000 Libyan students in the United States, claiming they were being harassed and threatened by pro-Qadhafi student leaders. This was followed by the killings in Europe and the shooting in Colorado. In December, the Libyan intervention of Chad aroused the ire of the incoming Reagan administration, which was formulating a foreign policy based on fighting terrorism and revolution by what it views as Soviet surrogates.

30 Korea Priests Reportedly Start Hunger Strike to Mark Rebellion

SEOUL — About 30 Roman Catholic priests have begun a hunger strike in Kwangju, in the southern South Korea, to mark the first anniversary of an insurrection there, church sources said Tuesday.

The sources said that the fast began Monday night and would continue indefinitely. The priests issued a statement calling for the government to disclose the "truth" about the Kwangju incident and to release those still held in connection with the uprising.

Demonstrations began in Kwangju May 18, 1980, following

30 Korea Priests Reportedly Start Hunger Strike to Mark Rebellion

a week of student-led, anti-government outbursts in Seoul and other cities.

When the government began to repress the demonstrations with violence, the young rebels and their supporters started to seize control of the city 150 miles (240 kilometers) south of Seoul. The rebels held out until May 27, when the movement was crushed by the military.

The official government casualty toll from the Kwangju insurrection listed 189 dead. Unofficial accounts at the time put the dead at 260 or more.

Students Stage Sit-In

BONN (Reuters) — Iranian students, who said they were supporters of a Communist group, have been staging a sit-in at the Iranian Embassy in Bonn to demand the reopening of universities in their country and the release of alleged political prisoners, an embassy spokesman said Tuesday.

ACLU Rebutts Charge of Links to Crime

By Robert Lindsey
New York Times Service

LOS ANGELES — Edwin Meese 3d, President Reagan's counselor, in a speech last week to the California Peace Officers Association, accused the American Civil Liberties Union of abetting the nation's criminals.

Another close associate of the president, William A. Wilson, a regent of the University of California, appeared to suggest in a letter to another regent last December that the civil liberties group was protected and supported by organized crime.

Sinai Force I Mainly Resol U.S. Envoy Se

WASHINGTON Post Service

JERUSALEM — M. Steiner, the U.S. special envoy to the Middle East, said Tuesday that the fund-raising effort to establish a multinational patrol on the Sinai peninsula has been resolved, and that "every expectation" it will place when Israel complies with a withdrawal next March.

After a meeting with Minister Yitzhak Shamir, Mr. Steiner said he expected unresolved problems to be at a U.S.-Israel-Egypt negotiation next week in Cairo. American officials will be over the weekend and the peace force will be in the Sinai by Sunday, he said.

Suspected Sabotage Blast Wrecks Iranian Pipeline

From Agency Dispatches

TEHRAN — A powerful blast wrecked a multiple oil and gas pipeline in Iran's southwestern province of Khuzistan on Monday night, and first reports Tuesday said sabotage was probably the cause.

Six parallel pipelines exploded in flames near the port city of Bandar Mahshahr. Firemen battled during the night to put out the fire, the afternoon daily Kayhan reported.

Meanwhile, oil industry sources in Tehran said that Iran was considering writing off its huge Abadan oil refinery, which was heavily damaged by Iraqi shelling in the Gulf war.

The Iraqi shelling has destroyed the refinery beyond repair. It will be cheaper to build a new one, said an official who did not want to be identified.

An official spokesman of the state-run National Iranian Oil Co. declined comment on government plans for the refinery, which was one of the world's largest until it was set ablaze by shelling last year.

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Schmidt's Party Asks Protection For Steelmakers

BONN — The executive committee of Chancellor Helmut Schmidt's Social Democratic Party demanded Tuesday that the government protect West Germany's steel industry, with border levies or quotas on imported steel if necessary.

The committee asserted that national measures by member countries of the European Economic Community, especially in the last two years, had imposed an almost unbearable burden on West German steel companies.

It said the very existence of the West German industry was threatened because some countries had pumped millions into their steel industries, not to modernize or rationalize them, but to subsidize losses.

"The ruinous and irresponsible subsidies race must be stopped immediately," the party executive said, and it urged European steel companies to agree as quickly as possible on production quotas and prices.

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By Robert Lindsey
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The White House official asserted that a coalition, including the ACLU and other groups, "has now formed a consistent body of lobbying which is regularly opposed to law enforcement."

Erch Correns, E. German Founder, I

BERLIN — Erich Correns, 85, one of the founders of the East German state, died Monday, a denning of nerve endings in the brain. He received Oscar nominations for his roles as Rosalind Russell's reluctant suitor in "Picnic" (1955) — a part for which he had won a Tony award on Broadway — and as an attorney in "Anatomy of a Murder" (1959).

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Erch Correns, E. German Founder, I

best supporting actor, died Monday of Alzheimer's disease, a denning of nerve endings in the brain.

OBITUARIES

William B. Spano
ATLANTA (AP) — V. Spano, 69, died Sunday of a heart attack. He was a former American war correspondent and 1978, died Sunday of a heart attack.

Anthony Rider
SALISBURY (WP) — Anthony Rider, 50, the Washington correspondent for the Rand D of Johannesburg from 1980, died May 3, 1981, in an automobile accident.

E. Drexel Godfrey Jr.
PRINCETON, N.J. (AP) — E. Drexel Godfrey Jr., 59, a former assistant director of the CIA, died Friday of lymph cancer. After leaving the CIA in 1971, he established and directed the program in public administration at Rutgers University, Brunswick, N.J.

Bishop James S. Rausch
PHOENIX (WP) — Bishop James S. Rausch, 52, of Phoenix, one of the youngest Roman Catholic bishops in the United States and a leading progressive figure in the American church, died Monday following a heart attack.

Arthur O'Connell
LOS ANGELES (LAT) — Arthur O'Connell, 73, a veteran stage and screen actor who twice won Academy Award nominations for his roles in "The Long Day's Journey Into Night" and "The Sandlot," died Monday following a heart attack.

DEATH NOTICE

Miss Claude MAGE, Miss Nathalie MAGE, Mrs. Stephanie MAGE, Miss Marcelle LEON, Mr. Dominique GODEFROY, regret to announce the death of Mr. James J. MAGE on May 17, 1981, at the age of 82. Burial will be held on Thursday, May 21, at 9 a.m., at Pere-Lachaise cemetery, Boulevard de Ménilmontant, PARIS-20. This will be the only official notice. Claude MAGE, Via 47 Villa Enlilant 46, 00197 ROME.

Yugoslav University Closed After Protests

The Associated Press

BELGRADE — The government of troubled Kosovo province shut down the University of Pristina and all other university-level schools Tuesday, the official Tanjug news agency reported.

The closure was ordered a day after more than 1,000 students demonstrated and shouted slogans in Pristina, capital of the province. The university is attended by about 40,000 students.

In addition to protesting conditions at the university's student center, the demonstrators demanded that the province be made a republic. Yugoslavia has six republics; Kosovo, which is largely populated by ethnic Albanians, is an autonomous province within the republic of Serbia.

Gatherings Banned

A provincial government spokesman said the closures were necessary "after last night's disturbances in the student center."

In March, the center was the starting point of demonstrations that later turned into violent riots by ethnic Albanians. At least nine persons were killed and more than 260 were injured.

Monday's demonstration was the second protest in two weeks despite a ban on public gatherings. The students returned to their rooms after talking to professors and local officials, the Belgrade daily newspaper Politika Ekspres reported.

There was no indication whether police intervened.

The demonstration coincided with the start of a trial in the Macedonian capital, Skopje, against five ethnic Albanians charged with conspiring against the state.

It occurred one day after the official Albanian Communist Party newspaper, Zeri i Popullit, asked Yugoslav leaders to grant Kosovo the status of a republic.

The Albanian article caused a sharp reaction in Yugoslav media. Pristina radio accused Albania on Monday night of inciting ethnic Albanians to demand a republic and called the article "a culmination of interference in the internal affairs of Yugoslavia."

Leading officials have accused neighboring Albania of directly instigating the riots in March and April and charged that Albanian diplomats were involved.

In another development, the Belgrade daily Politika reported

Tuesday that nine persons, including seven journalists, had been killed from the Communist organization at the radio and television station of Pristina, either taking part in the riots or for reporting them.

At the same time, the said two officials of the provincial government resigned over criticism after the riots.

Pajazit Nusi, the deputy minister chief, and Imer Jaka, a provincial secretary for education, handed in their resignations Monday. The resignations are to be discussed by the provincial assembly, the paper said.

More than 200 persons have been expelled from the Communist Party since it ordered those who in any way supported the riots.

Tanjup reported that changes had been made at the television station to elaborate on them. It also reported the Communist Party order at the station had decided to stop broadcasting programs imported from Albania under a change agreement.

Sinai Force I Mainly Resol U.S. Envoy Se

WASHINGTON Post Service

JERUSALEM — M. Steiner, the U.S. special envoy to the Middle East, said Tuesday that the fund-raising effort to establish a multinational patrol on the Sinai peninsula has been resolved, and that "every expectation" it will place when Israel complies with a withdrawal next March.

After a meeting with Minister Yitzhak Shamir, Mr. Steiner said he expected unresolved problems to be at a U.S.-Israel-Egypt negotiation next week in Cairo. American officials will be over the weekend and the peace force will be in the Sinai by Sunday, he said.

The Egyptian-Israeli pact calls for a UN peacekeeping force to patrol the Sinai withdrawal from the last of the territory it occupied in 1967 war. But faced with a Soviet veto of a UN Washington agreed to a pendency organized force.

Because there is no force for such a force outside the UN framework, Egyptian negotiators have faced with many legal and national problems. Still, the Egyptian-Israeli pact calls for a UN peacekeeping force to patrol the Sinai withdrawal from the last of the territory it occupied in 1967 war. But faced with a Soviet veto of a UN Washington agreed to a pendency organized force.

Sihanouk Report En Route to Eur

PEKING — Former King of Cambodia, Prince Norodom Sihanouk, left for Europe Tuesday, the Chinese news agency reported. The agency did not say whether the prince had had meetings in France with Communist Khmer Rouge leaders.

In Peking, Prince Sihanouk talks with Chinese leader for a Sihanouk army to fit names for his in front with his former Communist Khmer Rouge with non-Communist former Cambodian Premier San. Prince Sihanouk will be agreed with the Chinese, the agency added.

French Village That Hid Jews From Nazis Is Honored in U

Haverford, Pa. — Haverford College has broken with tradition and awarded an honorary degree to the entire village of Chambon, France, where Jews were sheltered from the Nazis during World War II.

Between 1940 and 1944, the villagers of Le Chambon remote mountainous region of southern France, defied the French Vichy government by concealing 2,500 men, women and children — providing an education for 1,000 of them while they were in hiding.

"We think the whole community deserves recognition," Bernard Lowenstein, a Haverford alumnus and member of the honorary degree selection committee. "Here is someone who helped save lives and preserve human liberty."

Accepting the award at the suburban Philadelphia Col Monday on behalf of the 3,000 villagers was Magda True and her daughter, Nelly Tromeur Blackman. Mrs. Tromeur's late husband, the Rev. Andre Tromeur, organized the village shelter for Jews during the war.

The secret efforts of Le Chambon came to the attention of Haverford through a book published in 1979, "Le Chambon de Shed," by Philip Hallie.

دولتی ایسی

Wildlife

Europe's Songbirds Face Fading Future

Large mass killings of nightingales, warblers, flycatchers, finches, skylarks, wrens, thrushes, linnets, robin redbreasts, bee-eaters, bunting and golden orioles. The hunters use ratioceros or mousetraps, birdlime, catapults, clap-nets, air guns and small arms. Plucked, the songbirds are falsely sold as quail, grilled or roasted, they are eaten with a crisp roll as snacks in bars and cafes. After the grape harvest, they are nibbled at wine-tasting ceremonies between sips of the new vintage.

Wine

Spain's Rioja: Good Reds Sold at Moderate Prices

While in northern Europe attractive birds are admired rather than snared, the approach down south is different. Dr. Mario Cordeiro, a research scientist at the Portuguese Ministry of Agriculture, explained that the birds cause a lot of problems in southern European countries. "They often compete with, or affect in damaging ways, peasant farming. And as the birds have also been a food source in southern Europe for so many generations, attitudes are naturally different," he said.

Southern Attitudes

While in northern Europe attractive birds are admired rather than snared, the approach down south is different. Dr. Mario Cordeiro, a research scientist at the Portuguese Ministry of Agriculture, explained that the birds cause a lot of problems in southern European countries. "They often compete with, or affect in damaging ways, peasant farming. And as the birds have also been a food source in southern Europe for so many generations, attitudes are naturally different," he said.

Opera

Geneva 'Boris' Is Weak

On the evidence of this Boris, his first, the Finnish bass Matti Salminen has the physical and vocal stature for the part. He gave a finely judged portrayal of grave dignity, particularly in the last scene, where the contrast between his final disintegration and betrayal and the arrival of the new regime was well marked.

PARIS AMUSEMENTS

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Authors

Joel Agee: Let Us Now Praise Famous Dads

By Edwin McDowell New York Times Service NEW YORK — Joel Agee decided to become a writer after reading his father's books, and he is on the staff of Harper's magazine as his father had been on the staff of Time, reviewing movies for it as well as The Nation during the 1940s. But the differences between father and son are more striking than the similarities.



Joel Agee

James Agee had a typical American upbringing in Knoxville, Tenn., before graduating from Harvard in 1932. Joel had an atypical boyhood in East Germany and dropped out of high school in the 11th grade. His experiences growing up in Soviet-occupied East Germany, are recounted in his book "Twelve Years," just published by Farrar Straus Giroux.

Agee, 41, who returned to the United States in 1960, lives with his wife and 13-year-old daughter in Brooklyn. He has spent the intervening years at such jobs as a mess boy on a Swedish freighter, a shoe salesman and a bookstore clerk.



James Agee

therefore could get anything he wanted," Joel Agee said. His mother was "emotionally sympathetic to communism but not a Communist" when they went to East Berlin, he said, but she never felt at home there. Indeed, the family usually spoke English at home.

His stepfather, on the other hand, "was a rather embittered and disillusioned Communist, although a faithful one," according to Agee. "Within the context of socialist realism, he was very imaginative. He had a tremendous gift for style, but he wanted to serve the party. He said, 'I hope you become a good Communist, but he never pressured me.'"

Instead, Agee was so much of a nonconformist that he dropped out of high school.

Friends Have Fled

When his mother's marriage to Ulise was dissolved, she returned to the United States, leaving East Germany just weeks before building of the Berlin wall.

"I've been back to East Germany twice since," Joel Agee said. "But my closest friends have now all fled to the West. I asked one of them what would have happened if I stayed, and he said I would have ended up in jail, and he's probably right."

Growing up on both extremes of the political spectrum, Agee said, "has given me an opportunity to transcend the fears and myths of both." And growing up as the son of a famous father has also had an effect.

"He had a great influence on me. I feel very close to his books. I like him very much as a writer. And since we're both writers, even though we're very different, being his son I feel that I have to be a very good writer. But that's not a handicap. I find it a challenge."

Auctions

German Manuscript Sold For Record \$1.6 Million

By Soren Melikian International Herald Tribune LONDON — A German manuscript on vellum with miniatures and illuminated initials executed at the Benedictine abbey at Ottoeburen in about 1164 has been sold at Sotheby's for £780,500 (about \$1.6 million), including the 11.5-percent buyer's premium. This is the highest price ever paid for a Western medieval manuscript. The buyer was H.P. Kraus of New York, the leading international dealer in rare books.



Ottoeburen manuscript page.

The special circumstances surrounding the sale Monday, combined with the unique character of the work, had led market analysts to expect such a price. The manuscript was one of 19 medieval and Renaissance manuscripts owned by the John Carter Brown Library at Brown University in Providence, R.I., and sold by order of its committee of management for the benefit of the library.

The collection of the John Carter Brown Library, which is famous for its Americana, was initially built up by John Carter Brown (1797-1874), a member of a rich merchant family in Providence. An avid collector from his college years, Brown devoted himself entirely to American history by the time he was 50. The collection was expanded by his son John Nicholas Brown (1861-1900), who established the collection on the university's campus.

Like his mother, John Nicholas Brown felt that an outstanding Western book collection required major monuments of bookmaking, including manuscripts from medieval and Renaissance Europe. Between them, they acquired the works that were sold at Sotheby's on Monday for a net total of £1,176,000 for 18 of the works. One of the 19 items in the sale was not sold. The committee's reasons for selling, as stated in the catalog, are "the desirability and propriety" of disposing of items "that are entirely outside the scope of the library."

Translated into market terms, this meant that buyers had a unique opportunity to buy works that are graced with the grandest of the political spectrum, Agee said, "has given me an opportunity to transcend the fears and myths of both." And growing up as the son of a famous father has also had an effect.

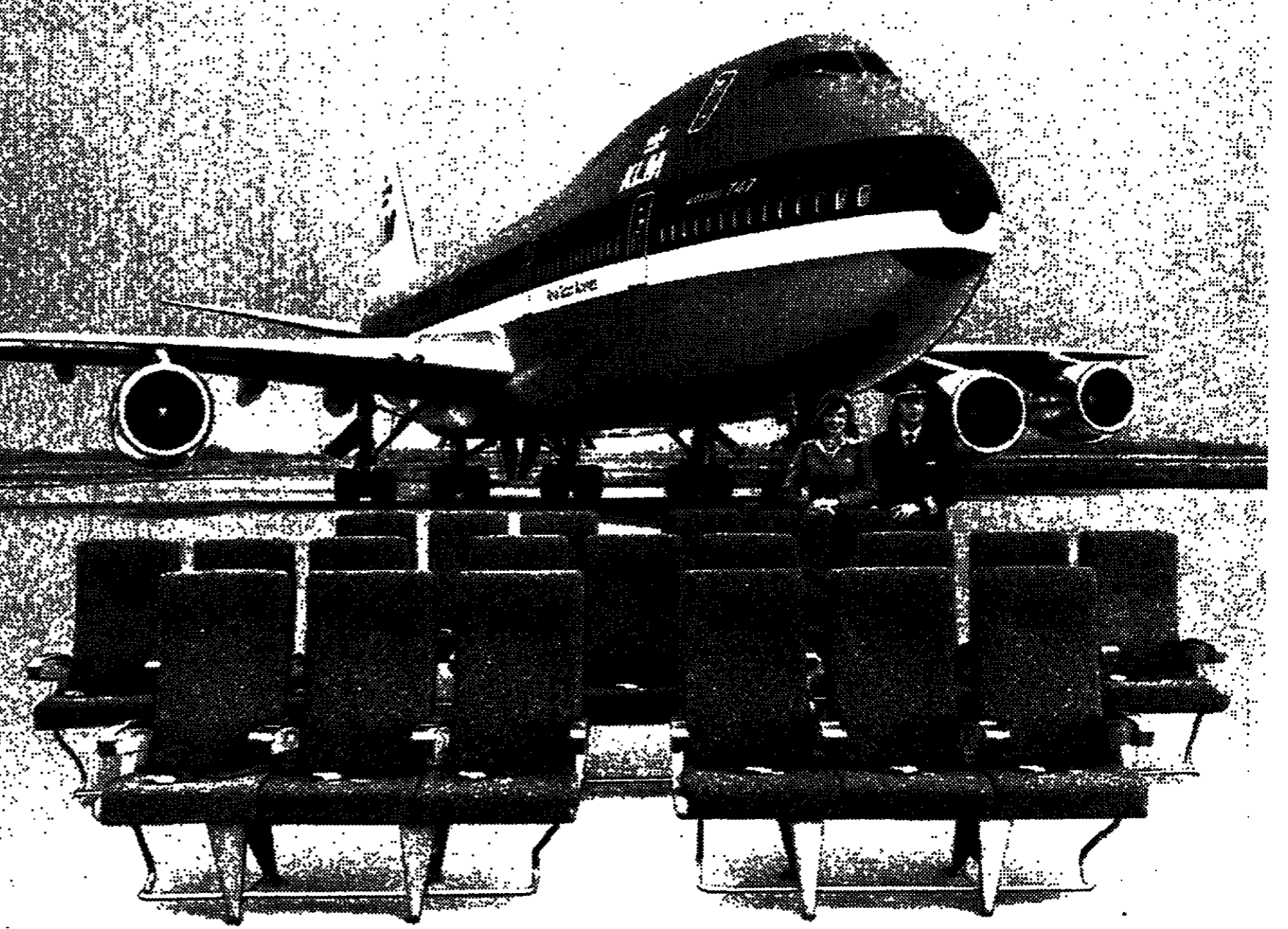
"He had a great influence on me. I feel very close to his books. I like him very much as a writer. And since we're both writers, even though we're very different, being his son I feel that I have to be a very good writer. But that's not a handicap. I find it a challenge."

What is more, this is one of the more important of the Ottoeburen works. As Sotheby's expert on medieval manuscripts, Christopher de Hamel, brilliantly demonstrated in the catalog, the dates of the book, a "gradual" and "sacramentary"

of 246 folios of liturgical text and music intended for use in religious offices, can be narrowed down to c.1163-c.1168. In all likelihood, it was commissioned to commemorate the 400th anniversary of the abbey, celebrated in 1164.

The splendid, monumental style of the miniatures provides evidence of the continuing strain of Byzantine influence over German painting since Carolingian times, although thoroughly assimilated. The strongly delineated silhouettes and vivid color scheme, plus the powerful abstract ornament around stylized initials, result in one of the great artistic monuments of medieval Germany. Only four others out of 33 recorded Ottoeburen medieval manuscripts remain in private hands. They are preserved in a princely library at Donaueschingen and are unlikely to turn up on the market.

The previous record price for a Western illuminated manuscript was \$4,180,570, French francs (about \$900,000), paid last year at a Paris auction for a manuscript executed in Paris in the early 15th century. An equally magnificent work in its own style, the Paris manuscript is in no way comparable in terms of rarity. The number of surviving manuscripts from that period and school is much larger.



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Wine... Spain's Rioja: Good Reds... at Moderate Prices... While in northern Europe...

Opera... Geneva 'Boris' Is Weak... On the evidence of this Boris, his first, the Finnish bass Matti Salminen...

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Britain and the NATO Front

The current row about prospective cuts in Britain's military budget raises all sorts of interesting questions about everything from the state of the British economy to the security of Western Europe. For example, if the British recession has finally bottomed out, as many economists are suggesting, why is it necessary to introduce now a multibillion-dollar 10-year program of military spending reductions? And what is meant to be done with the money saved? And why, if British press reports are correct, is the very expensive Trident missile program exempted from the budget slashing? Also, how will Britain maintain its commitment to NATO of a 3-percent annual increase in arms spending if Defense Minister John Nott's plans become reality? What priorities will be set for new spending?

But the most troublesome questions involve Britain's relationship with its allies. First of all, how much consultation, if any, has there been on the proposed British cuts? If NATO has any meaning as an alliance, it is in the ability of its 15 members to present a unified and well-coordinated deterrent to Soviet or Warsaw Pact aggression. Therefore, individual members ought not to make major military decisions in isolation.

If the alliance is to be effective, each nation must play the role for which it is best suited. In Britain's case that role is the defense of the North Atlantic, including the Iceland Gap, through which the United States must resupply its forces in Northern Europe. That means cuts in British naval strength will weaken the alliance's ability to fight a prolonged conventional war in Europe.

According to Mr. Nott's plan, it is the navy that will suffer the deepest cuts. North-

ing is final yet, and reports vary on the precise damage the Thatcher government's program would do to Atlantic defenses. But if British ships are taken out of service, there are currently no allied naval forces to replace them. The U.S. Navy is stretched so thin and is so undermanned at the moment that it could not possibly fill the gap.

If Britain had no other way to save the money, and it was demonstrable that the saving was critical to British welfare, then it could be argued as a case of simple necessity. But it is not that at all. There is a logical alternative that would yield a greater saving at a much lower cost in military capability. In fact, Mr. Nott considered this alternative and rejected it because the political cost was thought to be too high. It is to cut in half the 55,000-man British Army on the Rhine.

Under the 1954 Brussels Treaty, Britain is obliged to get its allies' permission to withdraw troops from West Germany, a process apparently considered too painful to attempt. But given the importance of the issue, shouldn't it be submitted to a thorough alliance review? President Reagan and Chancellor Schmidt, both of whom have military-related problems of their own, would probably be sympathetic to Prime Minister Margaret Thatcher's arguments. NATO would certainly have an easier time replacing the British troops on the Rhine than the British ships in the North Atlantic.

That's what the whole concept of burden-sharing is supposed to be about. If Britain must make the cuts proposed by Mr. Nott, they should come primarily from the Rhine army. If they come from the navy, the ultimate cost to the alliance, in both cash and security, will be too high.

INTERNATIONAL HERALD TRIBUNE.

Meeting Schmidt Halfway

The arrival of West German Chancellor Helmut Schmidt in Washington this week sharpens the principal unanswered question of President Reagan's foreign policy. It is the Soviet question: How can the United States at once maintain a global balance of power and retain the full confidence of its allies? Some of the steps and stances the administration has taken to serve the first requirement have worked against the second. The policy of hanging tough on SALT and preparing an arms buildup before contemplating arms control, for instance, has nourished Western Europe's considerable anxieties about the fading of detente and aggravated the leadership's difficulties in strengthening defense.

Nowhere is the tension more acute than in West Germany, where Mr. Schmidt has troubles of his own. Economic slippage and a faltering in the polls belie his election victory last fall. In May alone, he has met the repudiation of his military policy by a regional party congress, his party's first fall from power in West Berlin in three decades and the loss of his principal European partner, outgoing French President Valéry Giscard d'Estaing. There is also a fatigue factor: Mr. Schmidt faces the equivalent of a U.S. president's third term.

The agitation of his party's left wing is crucial. The West Germans, in NATO, decided

18 months ago to deploy new U.S. medium-range missiles starting in 1983, and meanwhile to negotiate with the Soviet Union to reduce the number of such missiles on both sides. But the Reagan administration has hung back from opening arms talks with Moscow, and the West German left has seized on this to attempt to undo the whole deploy-and-negotiate decision. During the weekend, Mr. Schmidt seized the nettle. He challenged a declaration by a parliamentarian of his party that "the main danger to peace comes from the policy of the U.S. government." He threatened to resign if his party's left did not stop trying to undermine the new deployment.

The Reagan administration needs to meet Mr. Schmidt halfway. It helps that the secretary of state keeps alive the option of missile talks with Moscow. Given the lingering doubts in Europe about Mr. Haig's authority, though, the president needs to harden his personal commitment to this aspect of his policy. The administration, moreover, has to remove from its collective voice the recurrent and not-so-behind-the-hand suggestion that somehow Chancellor Schmidt is not a four-square alliance man. It is the right moment — Mr. Schmidt has just stood up gutsily to his left. Standing with him is the best way for President Reagan to serve his own ends.

THE WASHINGTON POST.

Diplomacy of Mothers' Milk

The Reagan administration seems determined to stand alone if necessary against 150 countries this week when the World Health Assembly votes on a "marketing code" urging restraints in the selling of powdered-milk formulas for infants. The sellers are accused of discouraging breast-feeding in poor countries, where many women misuse the formulas. The evidence against the manufacturers is largely anecdotal and the campaign against them has been excessive. But there does seem to be a problem.

Most authorities agree that breast-feeding is the healthiest way to nurture an infant. Human milk is nutritious, safe and helps immunize against disease. Formulas, when used properly, are almost as good. But where clean water or refrigeration is unavailable, sterilizing costly and illiteracy widespread, formula food is apt to be misused. Contaminated batches have caused gastrointestinal disease; excessive dilution to stretch supplies has caused malnutrition.

And there have been promotional excesses — like dressing formula salesmen in white to suggest medical authority. Health workers in poor countries believe that high-powered sales campaigns discourage breast-feeding and undermine their efforts to turn women back to the breast.

What remains unclear is how many women are actually lured into needlessly using formula foods. Breast-feeding is declining in some populations. But not only salesmanship is to blame; so are urbanization and mothers going to work. And if women are bound to

abandon breast-feeding anyway, they are probably better off combining their contaminated water with nutritious formulas than with poorer substitutes.

Given the uncertainties, the Reagan administration sees a chance to proclaim its hostility to regulation on a global scale. And indeed, some of the advocates of the proposed marketing code have been making wild statements about "evil" multinational corporations "killing" helpless babies. Since the United States would not adopt all the provisions of this code, the administration contends that it would be hypocritical to urge it on other nations.

But all consumers are not Americans and the proposed code is not irresponsibly drawn. It suggests that advertising for infant formulas not be directed to the public and that it be limited when directed at health professionals. The code would not in fact be much more restrictive than the voluntary codes adopted by some formula manufacturers, and it would surely be modified to fit local circumstances and customs.

There thus appears no reason to cast the United States as the enemy of mothers and babies. It is unwise to contend that every society should observe U.S. styles of commerce. And if there are wrong-headed provisions or precedents in such a code, they will be much better dealt with, country by country, by a U.S. government that shows itself sympathetic to the most elementary concerns of others.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

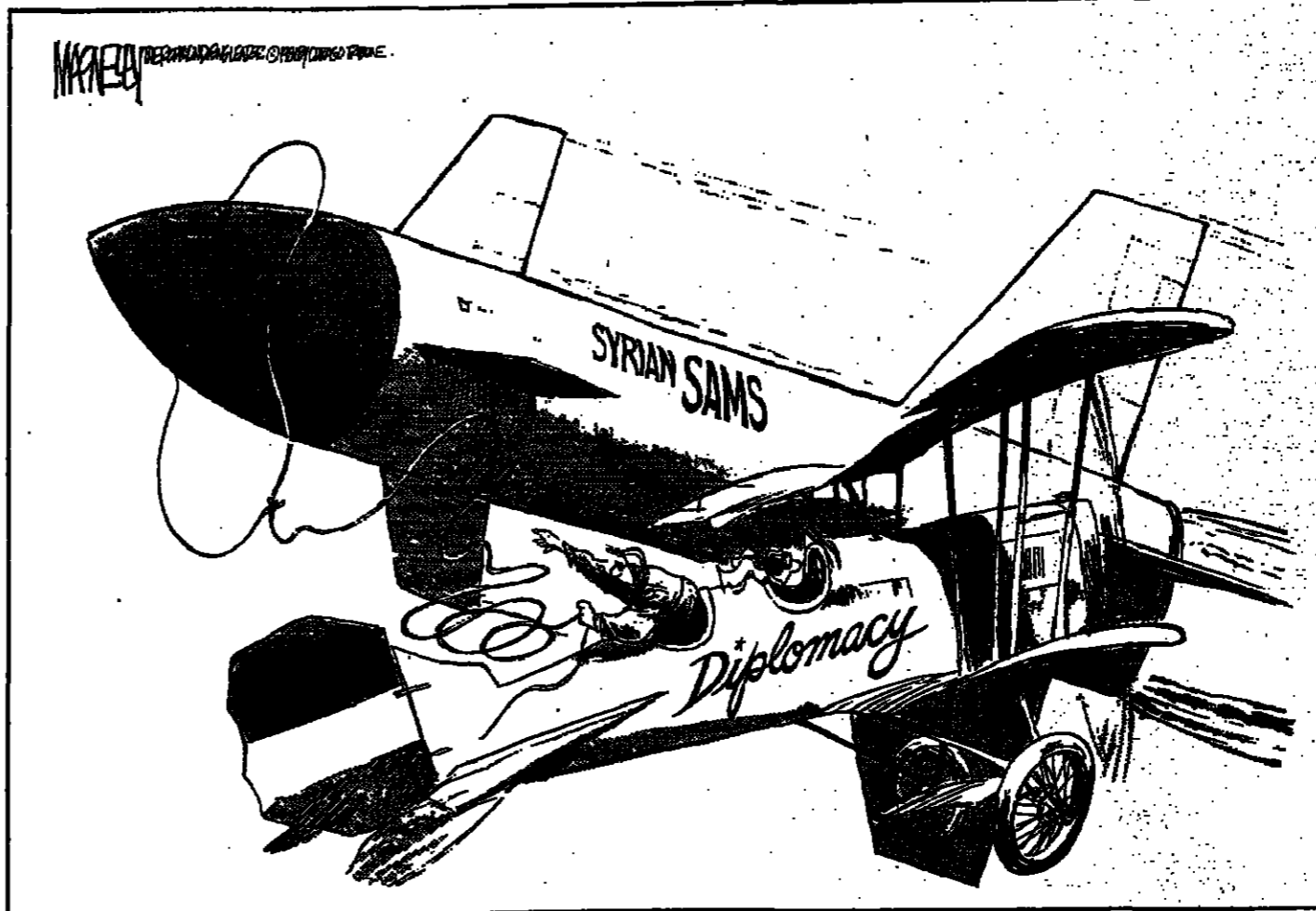
May 20, 1906

NEW YORK — Unwonted excitement has been caused in Bermuda by agitation in favor of a law permitting aliens and naturalized persons to own real estate. Sentiment is overwhelmingly in favor of a national law on this matter. Mr. W.T. James, the Mayor of Hamilton, said: "Every facility should be offered to induce aliens to purchase land in Bermuda. They should not be permitted to vote or hold office, and the acreage held by aliens should be restricted; but in all other respects they should have equal rights and privileges as citizens." It seems certain that a liberal alien law will become effective in the near future, bringing an influx of American residents to the capital.

Fifty Years Ago

May 20, 1931

PARIS — All the Americans coming to France this summer are not millionaires, and many are being forced to watch their francs carefully. Pierre Cousteau warned yesterday in the Journal's tourist column. He urged French hotel keepers, merchants and others to aim no coups de fusil at the approaching tourists, but to give them value for their money and to make them friends instead of enemies of France. "People have been accustomed to see the 'nobles' of postwar days come to France, swollen with fantastic benefits realized at the expense of a blood-soaked Europe," stated M. Cousteau. "But these artificial fortunes have disappeared in the wind of the Wall Street panic."



Cruel Illusions: The Interferon Saga

By Daniel S. Greenberg

WASHINGTON — In the hierarchy of public cruelty, an elevated place belongs to unjustifiably optimistic reports of new cancer treatments. On this basis, special note should be taken of the interferon saga, following recent clinical tests that show the rapidly reported drug to be no better and, in some ways, worse than standard cancer drugs.

Research continues, and perhaps the outcome will be better than results so far. That's the way it often goes in the complex process of developing new medical treatments. But, as the billion-dollar-a-year war on cancer enters its second decade, what's evident is that the long-frustrated yearning for a "magic bullet" often overcomes both scientific and journalistic skepticism. This is especially so when the "good news" emanates from establishment research institutions, rather than from the shadowy fringes of laetitia and other quick-treatment notoriety.

Interferon, a natural body protein, was long believed to have important therapeutic powers, but the difficult-to-collect substance was in such minuscule supply that extensive tests were impossible. Until a couple of years ago, a blood-separating laboratory in Finland was the only steady source. The cost, based on micro-milligram quantities, was calculated at the eye-catching figure of \$22 billion a pound.

But then a more plentiful supply was assured when genetic-engineering techniques were applied to production. Extravagant expectations were widely trumpeted, though the evidence for interferon's healing value was slight and the drug was just one among many that constantly move through the cancer-research system.

Voices Amplified

None of them, however, had ever been priced at \$22 billion a pound. Nor, like interferon, had any drug been singled out for extra millions in support by the two mainstays of U.S. cancer research, the government's National Cancer Institute and the charitably supported American Cancer Society.

For an anxious lay public, this unusual — and widely reported — mobilization could only signify that medical science was onto a hot lead. Scattered clinical reports, involving small numbers of carefully selected patients, looked promising, though it was rarely noted that the history of cancer research is strewn with episodes of misleading early results. In any case, the leaders of the research effort, with their voices amplified by excited press coverage, regularly spoke of high hopes for interferon, though always in a fashion that accompanied dazzling expectations with quiet notes of caution.

Thus, about a year ago, as supplies increased, so did the gushy reports. Last June, for example, Frank Rauscher, vice president for research at the American Cancer Society, was quoted as saying, "People who get into manufactur-

ing this can't lose." He added that "Even if it fails in its cancer trials, it is an anti-viral drug of choice." At about the same time, in an article on a local plant producing interferon, a Florida headline read, "Desperate people plead with makers of 'wonder' cancer drug." A plant near Washington, D.C., was reported to be under heavy guard.

Though the skepticism, or at least wait-and-see attitude, of many cancer specialists was given press attention, interferon had become so invested with journalistic importance that The Associated Press last January distributed a photo of what was described as the first of eight patients to receive a dose of the newly available synthetic drug.

Expectations Aroused

The mainstream press almost invariably tempered its optimistic accounts with cautious about limited scientific data, the scarcity of the drug, and the long road that lay ahead before interferon might come into widespread use, if ever.

An unpleasant situation is developing. In the American case, the Japanese are being forced to sacrifice for mismanagement at Chrysler, Ford and General Motors. The U.S. auto companies failed to make cars for the current market. Japan did make them. But Japan now has to restrict sale of those cars to spare the U.S. companies the consequences of failure. The Japanese have reason to be furious.

The situation in Europe is more complicated. Japan's cars, television sets and other products compete successfully on price, quality and reliability. The Europeans concede that this is so. They want Japan's exports restricted because they say the Japanese will not let them compete on equal terms in the Japanese home market.

The West Europeans charge that the Japanese use technicalities and a labyrinthine distribution mechanism to discourage European sales. Luxuries are admitted: champagne and cognac, Gucci-Pucci-Vuitton goods, high fashion, the articles of snobbery and status which Japanese executives and their wives want to buy, are easily available in Japan.

But not costly industrial products. The Europeans want more

than the luxury trade. To balance Japan's exports of cars and electronics, the Europeans need to sell their own cars in Japan (foreign autos now take less than 1 percent of the Japanese market) — and also railroad equipment, subway systems, nuclear power and telecommunications technology, the Airbus, military aircraft, machine tools. For the most part the Japanese are not interested. The Japanese market is effectively closed to those high-technology fields where the Japanese are themselves producers.

The United States, on the other hand, enjoys a comfortable balance of trade with Japan because the United States is a producer of food and raw materials that Japan needs. Americans sell some high-technology goods, such as advanced computers, which the Japanese do not yet produce.

Shopping Trips

The United States and Western Europe thus find themselves in conflict over what to do about Japan. The Europeans charge the Japanese with protectionism and threaten retaliation in kind. The United States, which sells its materials and grain freely, defends free trade, regarding its own demands for special treatment, as in the case of automobiles, as transitory problems.

And the Japanese themselves feel misunderstood and victimized. It must be understood that a conviction of vulnerability and exceptionalism is at the foundation of the Japanese conception of their own society and their fate. From kindergarten the Japanese are told that Japan is a poor island nation, without natural resources, at the mercy of world storms. They are

of the American Society of Clinical Oncology, who a year ago warned of unwarranted hopes being invested in interferon. They pointed out that press reports were causing people to engage in desperate efforts to obtain interferon, though "There is no evidence or even remote suggestion yet to indicate that interferon may cure advanced cases" or help in any stage of cancer.

While the research goes on, the only sure thing about interferon is that it is an unusual biological substance whose characteristics merit careful examination. The same can be said about scores of substances that regularly undergo research with little or no public notice, and without being oversold to desperate people.

Daniel S. Greenberg is publisher of an independent newsletter, *Science & Government Report*, and formerly was Washington correspondent of the *New England Journal of Medicine* and news editor of *Science*.

Japan's 'Voluntary' Duress

By William Pfaff

TOKYO — The Japanese are not enjoying the "voluntary" restraint they have agreed to practice in trade with the United States. They ceded to heavy U.S. pressure to restrict automobile exports; it was as simple as that. But duress does not produce good feelings. And the Japanese are angry at the notion that the West Europeans now demand the same kinds of concessions. The Japanese will give in only if they have no alternative.

An unpleasant situation is developing. In the American case, the Japanese are being forced to sacrifice for mismanagement at Chrysler, Ford and General Motors. The U.S. auto companies failed to make cars for the current market. Japan did make them. But Japan now has to restrict sale of those cars to spare the U.S. companies the consequences of failure. The Japanese have reason to be furious.

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And the Japanese themselves feel misunderstood and victimized. It must be understood that a conviction of vulnerability and exceptionalism is at the foundation of the Japanese conception of their own society and their fate. From kindergarten the Japanese are told that Japan is a poor island nation, without natural resources, at the mercy of world storms. They are

told that no one else struggles as Japan must struggle to survive. They are taught that their unity, solidarity, tireless effort, sacrifice are all that stand between Japan and disaster.

They believe that no one abroad can understand them, or can even communicate properly with them — that their language is incomprehensible to foreigners and that they themselves are without the gift to speak the languages of others. They in fact know little of foreign countries, and do not try very hard to learn. The world tours of today's prosperous Japanese families are shopping trips, not expeditions into a foreign culture.

They are proud of all they have accomplished, their rise from the ashes of 1945 to the leading place in the world that they now occupy. They are inclined toward disdain of those who have not done so well. They see the West Europeans — Germany excepted — as producers of luxury goods, sophisticated but a little less intelligent. Americans as bunglers who have to be protected from their own mistakes, bad managers and unproductive workers with (in a current Japanese phrase of derision) "fat fingers" — incapable of precision work.

The present state of mind in both Japan and Western Europe is dangerous, each side combining a belligerence toward the other with complacency. In the United States there remains respect for Japan, supported by the American idea of postwar Japan as protégé of the United States. But Japan's competition nonetheless is hard to take. The Europeans, for their part, are in no mood to take it. They have little to learn by closing their markets to Japan. Little except the principle of free trade.

If protectionism does break down the existing pattern of free trade among the advanced industrial nations, the breakdown will not stop with commerce. A deterioration of trade relations will have inevitable political consequences. This needs to be understood, and debated, in Japan and Western Europe most of all. The system that has brought security as well as prosperity to the industrial nations today drifts, however slowly, toward the rocks.

KASIM GULEK

Ankara.

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A Tale Of Two Strategies

By Joseph Kral

PARIS — France's press election May 10 heard the puzzles on top of the of uncertainties in the world struggle. Nobody knew Francois Mitterrand can a Socialist regime on a social remains profoundly conservative to what extent his victory strengthen the neutralist as Chancellor Helmut Schr West Germany.

So mere prudence require United States to reassess lantic connection. That thinking explicitly about ferent global strategies th already emerged implicitly ries of clashes between S of State Alexander M. Haig the Defense Department Caspar W. Weinberger.

A change in the global balance of world power, the starting point for both. The rivalry between the States and Russia, which in Europe and then shifted now centers around the Though the Russians have contained in both Eur Asia, they have steadily i both their nuclear and con al military strength relative United States. At the sa the United States has lost its competitive edge over lied nations as Japan, W many and France.

Enlisting Help

The Haig strategy of nevertheless, to emphasize solidarity. The secretary favors a joint buildup of allied forces in both the cal and nuclear domes seeks to enlist the help of pean allies in the Gulf, applying pressure to such Scrogates as the Cubans an byans.

More important, once tary balance has been high- lary would work hard to what the Europeans claim detente with the Soviet Thus, in keeping with th an preferences, he laid o recent NATO meeting i timetable for beginning t Andrei A. Gromyko on a trol before the end of this

The Pentagon strategy yet been fully articulated has deep roots in the is tradition and the Pacific ip Maker ment Inc

The United States, in il gon view as I interpret it, ouside world for market- access to raw materials. A curity requirement is p the sea lanes. Naval st critical in that respect. Eo portance, besides a positio rope, are footholds all ove of the world — in Panam and Argentina, in Egypt Saudi Arabia, Turkey, stan; in Japan, the Philip Taiwan; and in South A

Time for Choice

Restoring U.S. milita has to be with all ord help. But if the rapidly n not prepared to shoulder abilities outside the contin — the theory runs — the States should not shirking gency about coming to te Russia on arms control. c contrary, the crucial in maintaining the right of for a sustained U.S. milita up.

Except for the occasion- gles, the Reagan admira has so far been able to W fortably with the two strategies, but the time of clearly ending. Beginn week with Mr. Schmidt's Washington, there will be ing pressure to make choic

The chancellor is on the home. Among the things is a much stronger U.S. ment on arms control te Russia — the better to fa the opposition to new measures within Mr. S own Social Democratic Pa

My own feeling is that t on should try to acco Mr. Schmidt by appointin ber date for the resum talks with Moscow. Mr. remains the most importo leader by far. If he were to Social Democrats would t rialist with a vengeance blocking the way to any strengthening of the milita ture in Europe.

But if the Russians their relentless military ex and if the allies, with th unwilling to pick up the burden, keep insisting o U.S. concessions to Mosc the United States will hav toward the Pentagon

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NESS NEWS BRIEFS

Raise Stake in Volvo Car to 70%

REUTERS
The Dutch government will raise its stake in Volvo from the current 45 percent by buying new shares of 250 million guilders (198.4 million) over the next three months, the ministry said Tuesday.
The government will also include further government aid of 460 million guilders in 1981.
Sweden will inject an extra 95 million guilders into Volvo while an extra 138 million guilders will become available in 1982, the ministry said. Volvo Car of Sweden will meet obligations of Volvo Car of the Netherlands of about six guilders annually in the years to 1986, depending on any sales.

Panel Rules on Rothmans Deal

REUTERS
The London takeover panel ruled Tuesday that a general meeting of Rothmans International shareholders would have to be held if the company were to pass to either of the parties in the recent takeover bid.
The panel said that under the proposed transaction, control of Rothmans, via its parent Rothmans Tobacco Co. Ltd., will rest with either Rembrandt or Philip Morris.
The panel said that the deal would be subject to a "break" that would allow the company to be sold to either Rembrandt or Philip Morris.
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U.S. Unit to Merge With Savin

REUTERS
N.Y. — Olivetti Corp. of Italy agreed in principle to merge with the U.S. unit of the company, its U.S. unit, the company said Tuesday.
The deal would merge the U.S. unit of Olivetti with the U.S. unit of Savin.
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Lloyd Reports Loss for 1980

REUTERS
Hapag Lloyd, West Germany's largest shipping group, reported a net loss of 3.6 million marks for 1980, a sharp decline from a profit of 1.9 million marks in 1979, but an improvement is likely in 1981, the company said Tuesday.
The company said that it was hit last year by a serious decline in parts of its fleet and heavy losses in its chartering operations.
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Chip Makers Seeking Government Incentives

REUTERS
The Japanese have captured 40 percent of the world market for the so-called 16K random access memory, a common semiconductor chip, and are expected to capture an equally large share of the market for the next generation of memory, the 64K RAM. The Japanese have been competing on the basis of price and, until recently, by confining defective chips to a smaller percentage of total output.
Officials of the semiconductor industry say it would not need support were it not for the fact that the governments of Japan and Europe are supporting their own electronics industries.
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Japanese Report Deficit In Balance of Payments

REUTERS
TOKYO — Japan's overall balance of payments turned into a \$2.35-billion deficit in April from a surplus of \$1.82 billion in March, the Finance Ministry said Tuesday.
The deficit on non-merchandise trade and transfer payments narrowed to \$1.02 billion from an upwardly revised \$1.35-billion deficit in March, the ministry said.
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Bonn Raises Rates Under Loan Plan

W. Germans to Pay 10.3% for Credits

REUTERS
BONN — West German interest rates effectively moved up Tuesday when the government announced the terms on the first portion of the 6.5 billion Deutsche mark credit it plans to raise on the international market have been increased to 10.3 from 9.5 percent.
An Economics Ministry spokesman said the increase brings the lending terms for the investment credit program, designed to promote energy-saving and the development of new technologies, more into line with market conditions.
Interest rate subsidies remain at levels targeted when the lending was announced May 5, he said.

Underlying Problems

He told a meeting of savings banks executives in West Berlin that the Bundesbank has no other choice but to pursue a policy that will prevent West Germany from being "infected by the world-wide germ of inflation."
Mr. Pöhl said it would be better to attack underlying economic problems than to complain about high interest rates and make seppuku of central banks. In West Germany's case, this means coming to terms with the current account deficit and the deficit in public spending, he said.
His comments came as the Federal Statistics Office reported that West German wholesale prices rose 0.6 percent in April from March and were up 7.4 percent from April 1980.
Also, the Bundesbank reported that the West German federal government closed its April accounts with a deficit of 2.9 billion DM, 1.5 billion DM narrower than the year-earlier. This does not represent a change in trend from the growing deficits since the beginning of the year, because it includes an infusion of 2.3 billion DM from the Bundesbank's 1980 profits, the office said.

On the Planned International Borrowing

The planned international borrowing, the Economics Ministry spokesman said the first 1 billion DM portion of the loan probably will be floated this month.
The borrowing was originally part of joint fund-raising with France, but Paris froze its plans after the election of President Valéry Giscard d'Estaing.
Nominal interest to West German borrowers drawing on these funds will be 8.4 percent for the life of the credits, compared with the previously planned 8 percent. Borrowers will have a choice between a four-year term with one year of grace and eight years with two years' grace.
In other credit market developments, sources reported that Deutsche Bank has postponed a planned Eurobond of 60 million DM to 75 million DM for a European borrower it has not identified. The issues had been scheduled for Monday.
The bank notified other West German banks the issue would not go ahead because of internal reasons, and not because of the weak condition of the market, the sources said. Deutsche Bank may seek to have the bond rescheduled at the next meeting of the capital market subcommittee May 27, dealers said.

U.S. GNP Revised to 8.4% Spurt

The Associated Press
WASHINGTON — The U.S. gross national product climbed at an annual rate of 8.4 percent in the first three months of this year, the biggest gain in nearly three years and almost two percentage points more than was first reported, the Commerce Department reported Tuesday.
The report came one day after other government statistics on personal spending and income indicated that U.S. economic growth has slowed considerably since the strong first quarter activity.
The department originally re-

Rates Rise, Dollar Gains

REUTERS
NEW YORK — Short-term interest rates moved higher and the dollar was buoyed following indications of continued expansion in the U.S. economy, dealers said Tuesday.
News that the Commerce Department revised sharply upward its estimates of first quarter U.S. growth and inflation provided the boost.
Three-month certificates of deposit were quoted at 18.40 percent bid, compared with 18.10 percent at Monday's midsession.
Eurodollar interest rates rose by about 5/16 of a point, and the dollar climbed to 2.3089 Deutsche marks at the midsession, from the opening 2.2980-90 DM.
Against the Swiss franc, the dollar rose to a midsession 2.0572 from 2.0445 at the opening. The French franc fell to 5.5590 from 5.5360, while sterling dropped to \$2.0775 from \$2.0885.
With the rise in rates, U.S. credit markets showed substantial declines at midsession.
The revised figures combined with Monday's unexpected increase in housing starts for April, caused a significant selloff in the market.
Treasury bill yields rose more than 1/4 point on opening levels, with the 91-day bill at 16.55 percent and the half-year at 15.45 percent and the year bill at 14.45 percent.
Federal funds yielded steadily around 13 1/2 percent, with no Federal Reserve intervention.
Bond prices were 1/4 point lower in the short end of the market to as much as a point lower in the long maturities.
In London gold closed slightly easier at \$478.475 an ounce after an afternoon fix of \$481.50, dealers said.

Saudis Cut Price On LPG for Japan

REUTERS
TOKYO — The Saudi Arabian oil company Petroleum cut its price on liquefied petroleum gas sold to Japan by \$40 to \$255 per metric ton, the Ministry for International Trade and Industry said Tuesday.
Japan imported 10 million tons of LPG in fiscal 1980, 3 percent more than in the previous year, with half of it supplied by Petroleum, the ministry said.

France Reports Rise In Industrial Output

REUTERS
PARIS — French industrial production rose 2.5 percent in March after a revised 1.6 percent fall in February, the National Statistics Institute said Tuesday.
Production in March was 8.1 percent below March 1980 after a year-on-year fall of 9.6 percent in February, the institute said.

4 Firms Race to Sell Heart Drug

By Michael Waldholz

AP-Dow Jones
NEW YORK — A new class of medicines that could aid millions of heart victims is about to make its U.S. appearance, and four drug companies are in a race to get to market first with the most.
The drugs are known collectively as "calcium blockers." They curb the flow of calcium and other minerals into muscles, and thus can relieve and perhaps prevent chest pains, irregular heartbeats and other symptoms. The potential market runs into hundreds of millions of dollars annually.
The Food and Drug Administration is expected shortly to approve commercial marketing of the first of the calcium blockers. Drug makers have submitted for the agency's review the approval would be coming. The drugs have proved their efficacy and safety in several years of use abroad.

Focus on Doctors

With the drugs not even available yet, the companies have been jockeying for market position and spending millions of dollars on promotion to acquaint physicians with brand names.
The contest features Pfizer, pushing its Procardia against C.D. Searle's Calan and Knoll Pharmaceuticals' Caloprin. On the sidelines at the moment, but a dark horse in the race, is Marion Laboratories, whose calcium blocker is called Cardiem.
In a couple of years, the entrants may increase when Johnson & Johnson comes out with Angex.
Many physicians are eager to begin using the drugs. "I hope it happens real soon," says Dr. Stephen Scheidt, a cardiologist at New York University-Cornell University Medical Center. "We need them."
The calcium blockers will be used initially to relieve the excruciating chest pains caused by spasms of the coronary arteries, which cut the heart's supply of blood and starve it of oxygen.
Researchers increasingly believe some heart attacks thought to be caused solely by cholesterol clogging the arteries or by blood clots actually are due to spasms.
One of the drugs, generally known as verapamil, is expected to go into use immediately for calming the irregular, rapid heartbeats known as arrhythmias. For patients with weak or diseased hearts, arrhythmias can be fatal, and researchers say no other drug works so quickly, safely or effectively as verapamil.
The FDA is expected to approve all the calcium blockers for relief of the spasms, called unstable angina, and to approve verapamil for treating arrhythmias.

ported the first quarter gain in "real" GNP at 6.5 percent. The new figure, based on more complete information, showed increases in a number of categories, including the value of inventories and net exports, a department analyst said.
The first quarter GNP now is estimated at a seasonally adjusted annual rate of \$2,854 billion. That translates into \$1,516 trillion in 1972 dollars, the department's benchmark for discounting inflationary changes.
The first quarter gain is the biggest since the 9 percent recorded in the second quarter of 1978.
The new report also pegged inflation at 10 percent in the first quarter as computed by the GNP implicit price deflator. That rate had earlier been reported at 7.8 percent. Analysts had questioned that figure as being too low.
Tuesday's report also showed corporate profits up in the first quarter, with before-tax profits rising 3.7 percent to \$25.7 billion and after-tax profits climbing 2.4 percent to \$16.3 billion.
Corporate profits from current production — adjusting for depreciation and inventory replacement costs — rose 10.5 percent, the biggest gain since the 13.2 percent for the second quarter of 1978, the report said.
Analysts inside and outside the government agree that second quarter GNP figures will be far below those for the first three months of the year, and some are predicting an actual decline in inflation-adjusted output.
Commerce Secretary Malcolm Baldrige said the administration still expects the U.S. economy to be sluggish for the next two quarters, despite its strong performance in the first three months of the year.
"The upward revision in the first quarter does not alter our expectations for sluggish economic performance this quarter and next," Mr. Baldrige said.
"Interest rates both short term and long term have rebounded. There has been no real increase in consumer spending since January and total new construction has declined and will probably decline further," Mr. Baldrige said.
Mr. Baldrige said the upward revision in first quarter GNP was due mainly to favorable developments in net exports and less inventory liquidation than had been anticipated.

U.S. Companies Showed Mixed Quarterly Results

By Phillip H. Wiggins
New York Times Service
NEW YORK — Major U.S. corporations showed mixed earnings results in the most recent quarter, according to a New York Times compilation of sales and earnings of 304 companies.
The industry-by-industry roundup shows that about 60 percent of the companies reported earnings increases or converted a loss into a profit. About 40 percent showed declines or reported a loss.
Oil companies, with an estimated 40 percent share of overall earnings, continued to face the bulk of corporate profits, the survey showed. But special problems in the industry have caused these earnings to contract markedly.
Triple-digit percentage increases rung up by many oil producers in 1979 shrank to a 25-percent average rise for 1980. In the first quarter, 21 major oil firms showed an average profit drop of more than 23 percent, contrasted with average overall corporate projections ranging from a slight decline to a 4-to-6 percent gain.
Top Six
The companies surveyed were selected by size and to cover a diversity of industries. The listing includes concerns that reported quarterly results by last Friday; the figures are as initially reported to the public.
Exxon, with \$30.32 billion in sales, continues to be the leading U.S. industrial corporation. Mobil is second, at \$17 billion. General Motors (\$15.72 billion), Texaco (\$14.45 billion), Standard Oil of California (\$12 billion) and Ford (\$9.32 billion) round out the six largest industrial firms.
Among the strongest corporate sectors in earnings were the conglomerates, railroads, retail and nonretail food concerns, beverage companies, office-equipment and appliance manufacturers and drug companies.
Profit Squeeze
Exhibiting decidedly weaker profit patterns were the airlines, general manufacturing companies and metals and mining concerns. Profits of the automakers and building and forest products companies again were pared by a sluggish economy and high interest rates. Mixed results were recorded in chemicals, communications, machinery, electronics and steel.
Oil companies with a relatively large share of their business in refining and marketing operations were among the hardest hit. For such companies as Gulf, Marathon and Texaco, slack demand has weakened prices for their products. Oil companies also are often under long-term contracts to buy imported crude. Thus, prices of refined products have failed to keep pace with the cost of crude oil.
Several big companies showed good or even sharp gains in revenues, but the reverse results in profits. This was evident, for example, at Ashland Oil, where revenues rose 5 percent but net dropped 85 percent; at Texas Instruments, where revenues fell 31 percent, but earnings fell 23 percent; and at GAF, which posted a 9-percent gain in sales as earnings dropped 68 percent.

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Some researchers believe calcium blockers eventually will be approved to treat high blood pressure, either alone or in combination with other drugs. Others predict the new drugs will be given to high-risk patients to prevent recurrence of heart attacks or to limit the damage from an attack.
There is speculation that, for some patients, calcium blockers might defer or even eliminate the need for coronary bypass operations. The calcium blockers have relatively mild side effects, the most common noted so far are headache and constipation.
Most patients currently suffering from chest angina take beta blockers, which affect the hormonal systems that speed up the action of the heart and other organs in times of stress. They relieve angina pain by reducing the heart's need for oxygen. But beta blockers cannot be used by asthma patients or those with weak hearts, and the drugs make many patients lethargic, dizzy and nauseous.
"When you take patients off the beta blockers and put them on a calcium blocker, they feel as if they've been let out of prison," says Dr. John S. Schroeder, an associate professor of cardiovascular medicine at Stanford University Medical School.
The calcium blockers also seem to work better than nitrate medicines such as nitroglycerin. That remedy is used to relieve angina by placing a tablet under the tongue. In contrast, calcium blockers can be taken daily to prevent attack.
Underlying the marketing contest by the drug makers is a problem shared by all. Because the calcium blockers have been in use for more than 10 years, the patents are relatively old and the companies will not have exclusive marketing rights for long. For example, the patent for verapamil expires within three years. Patents on some others run only until 1988.
Some industry analysts are skeptical of the market potential. They note current annual drug sales total about \$200 billion a year, in a total market for heart medicines of about \$2 billion a year, and they wonder if the advent of calcium blockers will serve chiefly to fragment the existing market further.
Richard Emmitt, an analyst with F. Eberstadt & Co., calculates that the drugs will garner a third of a \$200-million-a-year market at most. "The drugs aren't going to be commercially relevant to anyone," he maintains.
Industry executives disagree. Fred Lyons, president of Marion Laboratories, which has the U.S. rights to a drug called Diltiazem, believes the angina market "will double with the release of the calcium blockers," because the drugs will be taken daily and will cost more than current therapies.

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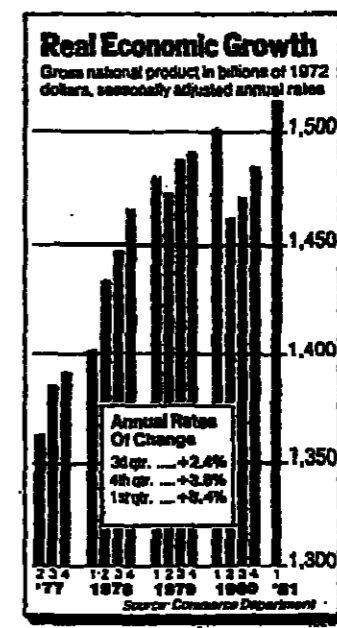
4 Firms Race to Sell Heart Drug

By Michael Waldholz

AP-Dow Jones
NEW YORK — A new class of medicines that could aid millions of heart victims is about to make its U.S. appearance, and four drug companies are in a race to get to market first with the most.
The drugs are known collectively as "calcium blockers." They curb the flow of calcium and other minerals into muscles, and thus can relieve and perhaps prevent chest pains, irregular heartbeats and other symptoms. The potential market runs into hundreds of millions of dollars annually.
The Food and Drug Administration is expected shortly to approve commercial marketing of the first of the calcium blockers. Drug makers have submitted for the agency's review the approval would be coming. The drugs have proved their efficacy and safety in several years of use abroad.

Focus on Doctors

With the drugs not even available yet, the companies have been jockeying for market position and spending millions of dollars on promotion to acquaint physicians with brand names.
The contest features Pfizer, pushing its Procardia against C.D. Searle's Calan and Knoll Pharmaceuticals' Caloprin. On the sidelines at the moment, but a dark horse in the race, is Marion Laboratories, whose calcium blocker is called Cardiem.
In a couple of years, the entrants may increase when Johnson & Johnson comes out with Angex.
Many physicians are eager to begin using the drugs. "I hope it happens real soon," says Dr. Stephen Scheidt, a cardiologist at New York University-Cornell University Medical Center. "We need them."
The calcium blockers will be used initially to relieve the excruciating chest pains caused by spasms of the coronary arteries, which cut the heart's supply of blood and starve it of oxygen.
Researchers increasingly believe some heart attacks thought to be caused solely by cholesterol clogging the arteries or by blood clots actually are due to spasms.
One of the drugs, generally known as verapamil, is expected to go into use immediately for calming the irregular, rapid heartbeats known as arrhythmias. For patients with weak or diseased hearts, arrhythmias can be fatal, and researchers say no other drug works so quickly, safely or effectively as verapamil.
The FDA is expected to approve all the calcium blockers for relief of the spasms, called unstable angina, and to approve verapamil for treating arrhythmias.



NYSE Prices Off Despite Late Rally

Concern Over Rates And Inflation Cited

From Agency Dispatches
NEW YORK — New York Stock Exchange prices declined in moderate trading Tuesday amid new concerns about inflation and tight credit.
The Dow Jones industrial average fell 5.76 points to close at 980.1, despite a late rally, with declines leading advances to 2. Volume was 42.2 million shares compared with 42.5 million Monday.
Analysis said signs of greater than expected economic strength in the first quarter raised concern that the Federal Reserve will be unable to ease its tight money policy. The government said its revised figures showed the gross national product in the first quarter rose a surprising 8.4 percent annual rate, the largest jump in three years.
Tension in the Midwest, underscored by a report, later denied, that Syria shot down an Israeli reconnaissance plane near western Syria, also contributed to the market's uneasiness.
Michael Metz, an analyst at Oppenheimer & Co., said the market was "nervous" in view of the "pretty vigorous" economy and the Israeli-Syrian confrontation.
Japanese Stocks Hit
Japanese stocks were among the hardest hit. Matsushita Electric fell 6 1/2 to 7 1/2 while Sony lost 2 1/2 to 2 1/4 in active trading and Kyoto Ceramic was down 3 1/2 to 4 1/2.
One analyst who follows Japanese stocks said the broad retreat reflected political uncertainties surrounding the administration of Prime Minister Zenko Suzuki and the prospect of higher U.S. interest rates.
The analyst, who declined to be identified, said that the market — which has scored sizable gains recently — was looking for a reason for a technical correction.
In other corporate news, Manufacturers Hanover Consumer Services Inc. said it bought the consumer finance receivables and some other assets in 67 offices of American Investment Co. for about \$57 million. American Investment is a unit of Leucadia National Corp.
Cities Service Co. said it engaged Lehman Brothers Kuhn Loeb & Co. to advise on the sale of its First Boston Corp. to see if outside parties are interested in acquiring its Miami Copper operations in Arizona and industrial chemical division in Tennessee.

U.S. Companies Showed Mixed Quarterly Results

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New York Times Service
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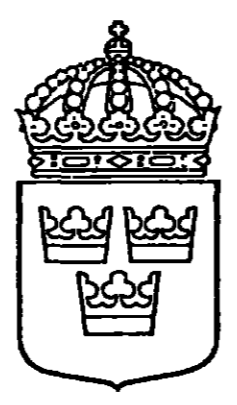
AP-Dow Jones

NYSE Nationwide Trading Closing Prices May 19

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock High Low Div. In % Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In % Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In % Yld. P/E 100s. High Low Quot. Close	12 Month Stock High Low Div. In % Yld. P/E 100s. High Low Quot. Close
14% 7/8 AAR 44 4.3 7 11 1098 18% 18% 18%	7% 5/8 AEP 11 1.5 13 12 416 4% 4% 4%	18% 11/8 AEP 11 1.5 13 12 416 4% 4% 4%	18% 11/8 AEP 11 1.5 13 12 416 4% 4% 4%

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SDR 500,000,000 and U. S. \$800,000,000 medium-term financing

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BANQUE EUROPEENNE DE CREDIT (BEC)	BANQUE NATIONALE DE PARIS	BARCLAYS BANK GROUP
CHEASE MERCHANT BANKING GROUP	CITICORP INTERNATIONAL GROUP	CREDIT AGRICOLE
THE DAI-ICHI KANGYO BANK, LIMITED	THE FUJI BANK, LIMITED	GULF INTERNATIONAL BANK B.S.C.
MIDLAND BANK LIMITED	THE MITSUBISHI BANK, LIMITED	THE MITSUI BANK, LIMITED
PKBANKEN	THE ROYAL BANK OF CANADA (LONDON) LIMITED	SAUDI INTERNATIONAL BANK
STANDARD CHARTERED BANK LIMITED	THE SUMITOMO BANK, LIMITED	SUNDSVALLSBANKEN

Managers:

AL-UBAF GROUP	ARAB AFRICAN INTERNATIONAL BANK/AL BAHRAIN ARAB AFRICAN BANK (E.C.)	THE BANK OF NEW YORK
BANQUE DE LA SOCIÉTÉ FINANCIÈRE EUROPÉENNE	CREDITANSTALT-BANKVEREIN	THE DAIWA BANK, LIMITED
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THE MITSUBISHI BANK, LIMITED	THE MITSUI BANK, LIMITED	STANDARD CHARTERED BANK LIMITED
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CREDITANSTALT-BANKVEREIN	THE KYOWA BANK, LTD.	REPUBLIC NATIONAL BANK OF NEW YORK
AMSTERDAM-ROTTERDAM BANK N.V.	BANK OF MONTREAL	THE BANK OF NOVA SCOTIA CHANNEL ISLANDS LIMITED
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NEW ENGLAND MERCHANTS NATIONAL BANK	SAUDI INTERNATIONAL BANK (NASSAU)	SOFIS LIMITED
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Agent:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

This announcement appears as a matter of record only.

April 1981

Canadian Indexes

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European Gold Markets

London	482.25	481.50	482.00
Paris (12.5 kilos)	515.21	517.50	515.00
Amsterdam	482.25	481.50	482.00

Gold Options (prices in \$/oz.)

Series	Aug.	Nov.	Feb.
400	420.00	460.00	360.00
500	420.00	460.00	360.00
600	420.00	460.00	360.00

European Options Exchange

Series	Aug.	Nov.	Feb.
400	420.00	460.00	360.00
500	420.00	460.00	360.00
600	420.00	460.00	360.00

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The quarterly report as of 31st March, 1981 has been published and may be obtained from:

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Call or Write Mr. Bob Helmer, Pres. TEXAS FALCON ENERGY CORPORATION 5310 Harvest Hill Suite 200 Dallas, TX 75230 (214) 934-3893 TWX 9108609309

Selected Over-the-Counter Closing Prices, May 19, 1981

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600	420.00	460.00	360.00

Non Banks

Series	Aug.	Nov.	Feb.
400	420.00	460.00	360.00
500	420.00	460.00	360.00
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TRADE DEVELOPMENT BANK HOLDINGS
LUXEMBOURG
DIVIDEND PAYMENT

At the Annual General Meeting of Shareholders in Luxembourg on May 19, 1981 it was resolved that a dividend of U.S. \$1.00 per share be payable for the year ended December 31, 1980, together with a special bonus dividend of U.S. \$0.25 per share.

In respect of bearer shares, the dividend and the bonus will be payable by cheque to the holder of the shares, or to the company's pay agents on current account No. 9.

To our readers...

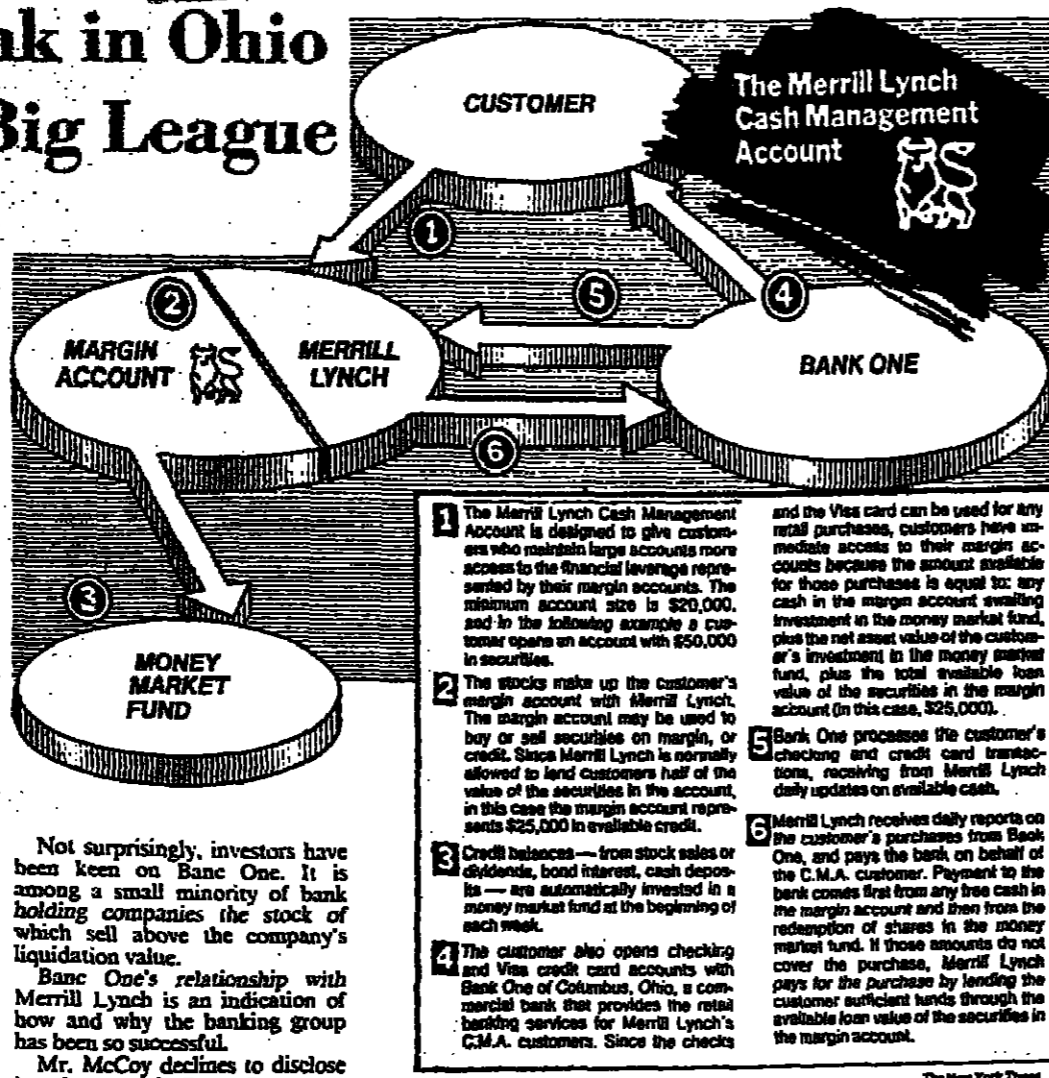
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Bank in Ohio is the Big League

bert A. Bennett
The House Appropriations Committee proved even more generous to Ex-Im for fiscal 1981 when the final money bill of the year came on the floor on May 12.



- 1 The Merrill Lynch Cash Management Account is designed to give customers who maintain large accounts more access to the financial leverage represented by their margin accounts.
2 The credit card accounts with Merrill Lynch...
3 Credit balances from stock sales or dividends, bond interest, cash deposits...
4 The customer also opens checking and Visa credit card accounts with Bank One...

Floating Bank, Citing Dome Bid, restricts Foreign Holders

Conoco is fighting an effort by the U.S. Interior Department to restrict foreign ownership of Conoco stock. The U.S. Interior Department may consider whether Canada should be treated as a country that denies reciprocal treatment to U.S. citizens.

Japanese to Sell Pipe to Russia, Sources Report

TOKYO — Japan's four largest steel manufacturers have agreed to export 750,000 metric tons of large-diameter steel pipes to the Soviet Union, steel industry sources said Tuesday.

COMPANY REPORTS

Table with columns for States, Dresser Industries, and K-Mart, showing financial data for 1980 and 1981.

Reagan Outmaneuvered on Ex-Im Bank

By George Lardner Jr.
WASHINGTON — The Reagan administration's high-minded rhetoric about demanding sacrifices of rich and poor alike has taken a tumble on the House floor with a reversal of the president's budget cuts for the Export-Import Bank.

And he called for a \$1 billion cut-back from the Carter administration's loan-guarantee level for the bank this year, from \$8.56 billion to \$7.56 billion.

The Office of Management and Budget, headed by David A. Stockman, has also hammered at the fact that most of the bank's direct loans, which carried an average interest rate last year of only 8 1/2 percent, support the exports of a handful of large firms.

By the same token, the Ex-Im Bank has powerful friends on Capitol Hill. And some observers believe Mr. Stockman does not have that many allies on the issue within the administration.

The first swipe at the Reagan formula came in March when the Senate Budget Committee whisked through a proposal by Sen. Nancy Landon Kassebaum, a Kansas Republican, to give the bank \$250 million more in direct lending authority than the president wanted.

Benefits for Few
Mr. Reagan proposed cutting back the burgeoning bank's direct loan level for the current year to \$5.15 billion, a reduction of \$752 million, as the first step in a phased effort "to reduce or eliminate federal subsidies to business."

Our backlog operation is equivalent to that of a \$9 billion or \$10 billion bank," Mr. McCoy said.

Data Banks
Bank One got a head start in electronic data processing as soon as Mr. McCoy took over from his father, in 1958. At that time, Banc One, which was known as the City National Bank and Trust Co., had total assets of only \$140 million.

Under a similar arrangement, Bank One makes a Visa debit card available to Merrill Lynch customers. Unlike a credit card, which grants its customers credit against purchases, the debit card automatically draws funds from the customer's checking account.

Merrill Lynch originally chose Banc One Corp. to handle these accounts because of its reputation as a leader in data processing. Handling the thousands of transactions each day is a major task, and one that few banks, especially those the size of Banc One, can handle.

Bank One, in fact, has achieved such expertise in this field that it processes the credit card transactions for 160 banks and savings institutions throughout the country.

Watch for the International Herald Tribune's two-part supplement on The Aerospace Industry June 5 and 6, 1981. In conjunction with the opening of the 1981 Paris Air Show, the International Herald Tribune will publish a special in-depth supplement on the aerospace industry.



New Issue May 20, 1981

BELGELECTRIC FINANCE B.V. Amsterdam/The Netherlands DM 100,000,000 10 1/2% Deutsche Mark Bearer Bonds of 1981/1989 jointly and severally unconditionally and irrevocably guaranteed by Intercom S.A. Brussels/Belgium

Table listing various banks and financial institutions, including Deutsche Bank, Société Générale de Banque S.A., Bank Brussel Lambert N.V., Morgan Stanley International, and others.

NYSE Nationwide Trading Closing Prices May 19

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	12 Month Stock Div.	Yield %	P/E	52 Week High	52 Week Low	12 Month Stock Div.	Yield %	P/E	52 Week High	52 Week Low
132.75	128.00	2.25	1.70	14.8	135.00	125.00
...

INTERNATIONAL FUNDS

May 19, 1981

Fund Name	Price
ALLIANCE INT'L BK of Bermuda...	15.50
BANK JULIUS BAER & CO. Ltd.:	...
- (a) Bond Fund	10.25
- (b) Growth Fund	12.50
- (c) Income Fund	11.75
- (d) Speculator	13.25

Enurocurrency Interest Rates

May 19, 1981

Term	Dollar	D-Mark	Swiss	Sterling	French
1-3 M	18 1/2 - 19 1/2	12 1/2 - 13 1/2	11 1/2 - 12 1/2	17 1/2 - 18 1/2	19 1/2 - 20 1/2
3-6 M	18 1/4 - 19 1/4	12 1/4 - 13 1/4	11 1/4 - 12 1/4	17 1/4 - 18 1/4	19 1/4 - 20 1/4
6-12 M	18 1/8 - 19 1/8	12 1/8 - 13 1/8	11 1/8 - 12 1/8	17 1/8 - 18 1/8	19 1/8 - 20 1/8

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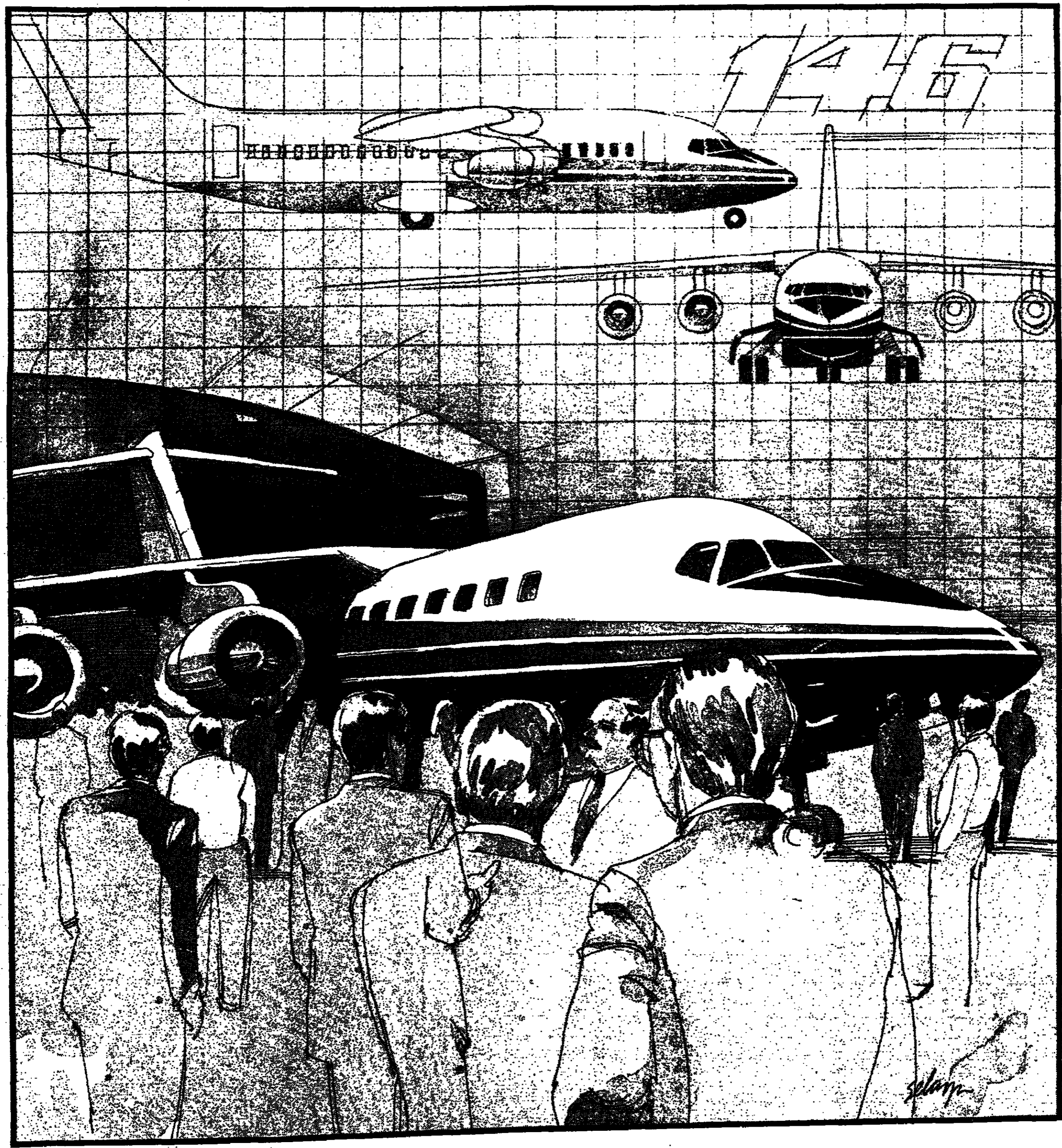
Today in Hatfield, England, British Aerospace rolled out the first of a new breed of aircraft. The BAe 146. An airliner that will bring service to residential communities and metropolitan areas through their neighboring airports. Without annoying noise. Without hazardous pollution. Uniquely combined technologies created this unique aircraft. Including

wings from Avco Aerostructures and turbofan power from Avco Lycoming. Together they help fill an important gap in providing for growing commuter needs, and play a significant role in carrying more passengers to more places throughout the world. But the BAe 146 is more than wings, more than power. It is a clean, quiet step forward in effective airline

passenger service. And we think that deserves a little noise. Avco Corporation, Greenwich, Connecticut 06830.



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NYSE Nationwide Trading Closing Prices May 19

Tables include the nationwide prices up to the closing on Wall Street.

Main NYSE stock price table with columns for stock name, high, low, close, and change. Includes sub-sections for (Continued from Page 10) and (Continued from Page 11).

U.S. COMMODITY PRICES

U.S. Commodity Prices table including sections for Chicago Futures, London Metals Market, London Commodities, Paris Commodities, and Market Summary. Includes sub-sections for NYSE Most Active and Dow Jones Averages.

EMPLOYMENT

EMPLOYMENT section containing various job listings and recruitment notices.

CLASSIFIED ADVERTISEMENTS

CLASSIFIED ADVERTISEMENTS section with sub-sections for AUTOMOBILES, TAX FREE CARS, SERVICES, LEGAL SERVICES, AUTO SHIPPING, BAGGAGE SHIPPING, SHIPMENTS, EDUCATION, and more.

HOLIDAYS & TRAVEL

HOLIDAYS & TRAVEL section featuring Stella Solaris, Stella Oceanis, and other travel-related advertisements.

European Stock Markets

European Stock Markets table showing closing prices for various European cities including Amsterdam, Paris, London, Brussels, Frankfurt, and Zurich.

Market Summary

Market Summary section including NYSE Most Active, Dow Jones Averages, Dow Jones Bond Averages, Standard & Poors, NYSE Index, and AMEX Index.

IMF May Pr Food Crisis

IMF May Pr Food Crisis article discussing the International Monetary Fund's role in addressing food crises and the impact of the project on the world.

Venezuela Repo Seeking U.S.

Venezuela Repo Seeking U.S. article reporting on Venezuela's request for U.S. fighter aircraft and the associated political and economic implications.

Investment Opportunity

Investment Opportunity advertisement for W.B. Deutscher, offering a \$30,000 minimum investment in commodity charts.

MEX Nationwide Trading Closing Prices May 19

Tables include the nationwide prices up to the closing on Wall Street. Columns include stock names, prices, and trading volumes.

New York Futures May 19, 1981. Table listing various futures contracts and their prices.

12 Month Stock High Low Div. S Yld. P/E. Columns listing stock market data for various companies.

Market Summary NYSE Most Active. Table listing the most active stocks on the NYSE.

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